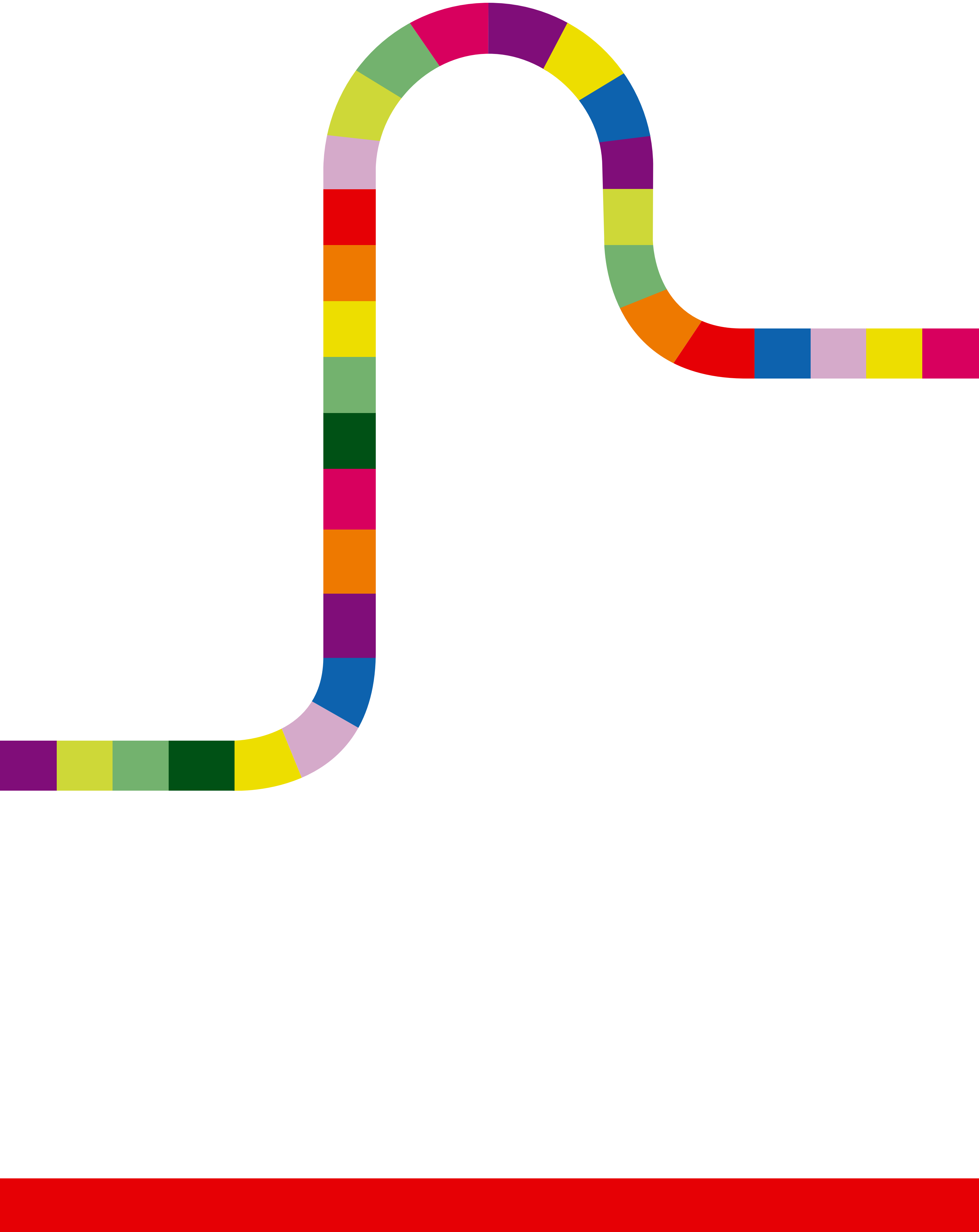
For whatever
life brings

Financial Statements as at
31 December 2010



FINECO
THE NEW BANK

Banca del Gruppo UniCredit

Everyone knows that life can be surprising. Many of these surprises are good things. Some are not so good. That is why people need their bank to be a reliable partner, helping them to deal with *whatever life brings*.

Because this year's report is inspired by real life, its graphics portray some of life's more pleasant aspects, as well as a few of its less enjoyable features. Thus, the images present a range of contrasts, and our cover offers up a kaleidoscope of moments drawn from daily life.

That is simply how life works. From the exciting to the ordinary, from the expected to the unanticipated, life is always changing and makes demands on all of us.

And UniCredit is here to lend a hand.

Our job is about more than offering products and managing transactions. It is about understanding the needs of our customers as individuals, families and enterprises.
Our goal is to deliver solutions for the everyday issues that people face. This means providing them with concrete answers - day by day, customer by customer, need by need.

Financial Statements as at 31 December 2010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Management Bodies

Board of Directors

Enrico Cotta Ramusino	**Chairman**
Carmine Lamanda	**Deputy Chairman**
Girolamo Ielo	**Deputy Chairman**
Alessandro Foti	**Managing Director**
Alfredo Michele Malguzzi Claudio Ognibene Franco Tonelli Frederik Herman Geertman 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 registration no. on Milan Company Register 01392970404 - R.E.A. n° 1598155, VAT no. 12962340159

On 21 January 2010, Mr. Dario Frigerio resigned from his position as Director.

On 20 April 2010, Mr. Carmine Lamanda was appointed Deputy Chairman of the Board of Directors.

On 10 May 2010, Mr. Antonio Passantino resigned from his position as Permanent Auditor. Alternate Auditor, Mr. Luciano Masini was then appointed to his position.

On 20 May 2010, Mr. Aldo Milanese was appointed Permanent Auditor. At the same time, Mr. Luciano Masini's term in office as Permanent Auditor lapsed and he was appointed Alternate Auditor.

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

For whatever life brings

Report on Operations

Introduction to financial highlights

The annual financial statements as at 31 December 2010 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 2009;
- the **Notes to the financial statements**.

Following clarification from the Bank of Italy, as of financial year 2010, expenses relating to costs for courses attended by employees and the costs of food and accommodation for employees on temporary work assignments are recognised under item 150 a) Personnel expenses. To ensure a correct comparison, in the 2009 income statement, € 804 thousand from item 150 b) Other administrative expenses has been reclassified under item 150 a) Personnel expenses.

Summary data

Reclassified Financial Statements

Balance Sheet

(Amounts in Euro/000)

ASSETS	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Cash and cash equivalents	9	8	1	12.5%
Financial assets held for trading	22,434	21,821	613	2.8%
Receivables from banks	10,067,146	12,902,870	-2,835,724	-22.0%
Receivables from customers	743,574	1,007,334	-263,760	-26.2%
Financial investments	5,069	464	4,605	992.5%
Hedges	81,164	115,781	-34,617	-29.9%
Property, plant and equipment	9,126	9,222	-96	-1.0%
Goodwill	89,602	89,602	-	-
Other intangible assets	8,857	10,728	-1,871	-17.4%
Tax assets	46,398	52,686	-6,288	-11.9%
Non-current assets and discontinued operations	145	145	-	-
Other assets	175,933	195,574	-19,641	-10.0%
Total assets	**11,249,457**	**14,406,235**	**-3,156,778**	**-21.9%**

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Payables to banks	424,461	1,564,539	-1,140,078	-72.9%
Customer deposits and securities	10,107,232	12,084,944	-1,977,712	-16.4%
Financial liabilities held for trading	6,718	3,901	2,817	72.2%
Hedges	79,943	114,640	-34,697	-30.3%
Provisions for risks and charges	97,872	85,655	12,217	14.3%
Tax liabilities	29,746	19,872	9,874	49.7%
Other liabilities	139,496	180,578	-41,082	-22.8%
Shareholders' equity	363,989	352,106	11,883	3.4%
- capital and reserves	*312,141*	*308,106*	*4,035*	*1.3%*
- valuation reserves for available-for-sale financial assets	*(33)*	*157*	*-190*	*-121.0%*
- net profit	*51,881*	*43,843*	*8,038*	*18.3%*
Total liabilities and shareholders' equity	**11,249,457**	**14,406,235**	**-3,156,778**	**-21.9%**

Summary data (Continued)

Balance Sheet - Quarterly data

(Amounts in Euro/000)

ASSETS	31.12.2010	30.09.2010	30.06.2010	31.03.2010	31.12.2009
Cash and cash equivalents	9	8	8	5	8
Financial assets held for trading	22,434	22,141	26,082	21,779	21,821
Receivables from banks	10,067,146	10,292,314	11,276,880	11,745,071	12,902,870
Receivables from customers	743,574	911,108	959,569	759,137	1,007,334
Financial investments	5,069	5,097	5,118	13	464
Hedges	81,164	65,430	101,091	106,021	115,781
Property, plant and equipment	9,126	8,759	8,563	8,909	9,222
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	8,857	8,515	9,490	9,975	10,728
Tax assets	46,398	45,075	45,124	47,403	52,686
Non-current assets and discontinued operations	145	145	145	872	145
Other assets	175,933	147,153	161,495	154,602	195,574
Total assets	**11,249,457**	**11,595,347**	**12,683,167**	**12,943,389**	**14,406,235**

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2010	30.09.2010	30.06.2010	31.03.2010	31.12.2009
Payables to banks	424,461	366,912	1,094,246	918,907	1,564,539
Customer deposits and securities	10,107,232	10,557,334	10,901,583	11,302,003	12,084,944
Financial liabilities held for trading	6,718	6,288	8,961	4,305	3,901
Hedges	79,943	64,311	100,114	105,009	114,640
Provisions for risks and charges	97,872	87,501	87,034	84,372	85,655
Tax liabilities	29,746	33,834	24,289	20,518	19,872
Other liabilities	139,496	128,518	130,823	147,110	180,578
Shareholders' equity	363,989	350,649	336,117	361,165	352,106
- capital and reserves	*312,141*	*312,142*	*312,142*	*351,950*	*308,106*
- valuation reserves for available-for-sale financial assets	*(33)*	*7*	*-*	*429*	*157*
- net profit	*51,881*	*38,500*	*23,975*	*8,786*	*43,843*
Total liabilities and shareholders' equity	**11,249,457**	**11,595,347**	**12,683,167**	**12,943,389**	**14,406,235**

Income statement

(Amounts in Euro/000)

	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Net interest	99,721	105,979	-6,258	-5.9%
Dividends and other income from equity investments	8	6	2	33.3%
Interest margin	**99,729**	**105,985**	**-6,256**	**-5.9%**
Net commissions	161,673	145,451	16,222	11.2%
Income from trading, hedges and fair value	27,342	17,078	10,264	60.1%
Balance of other income/expense	(3,365)	(2,997)	-368	12.3%
Income from brokerage and other income	**185,650**	**159,532**	**26,118**	**16.4%**
EARNINGS MARGIN	**285,379**	**265,517**	**19,862**	**7.5%**
Personnel expenses	(56,014)	(57,175)	1,161	-2.0%
Other administrative expenses	(139,166)	(142,975)	3,809	-2.7%
Recovery of expenses	27,054	32,530	-5,476	-16.8%
Value adjustments to property, plant and equipment and intangible assets	(9,034)	(7,922)	-1,112	14.0%
Operating costs	**(177,160)**	**(175,542)**	**-1,618**	**0.9%**
OPERATING PROFIT	**108,219**	**89,975**	**18,244**	**20.3%**
Provisions for risks and charges	(18,061)	(8,360)	-9,701	116.0%
Merger expenses	-	(574)	574	-100.0%
Net adjustments to loans and	(1,759)	(6,732)	4,973	-73.9%
to provisions for guarantees and commitments	417	53	364	686.8%
GROSS PROFIT FROM CONTINUING OPERATIONS	**88,816**	**74,362**	**14,454**	**19.4%**
Income tax for the period	(36,935)	(30,519)	-6,416	21.0%
NET PROFIT FROM CONTINUING OPERATIONS	**51,881**	**43,843**	**8,038**	**18.3%**
PROFIT (LOSS) FOR THE YEAR	**51,881**	**43,843**	**8,038**	**18.3%**

Summary data (Continued)

Income statement - Quarterly data

(Amounts in Euro/000)

	2010			
	Q4	Q3	Q2	Q1
Net interest	28,782	29,448	24,650	16,841
Dividends and other income from equity investments	-	8	-	-
Interest margin	**28,782**	**29,456**	**24,650**	**16,841**
Net commissions	41,879	37,336	43,445	39,013
Income from trading, hedges and fair value	7,344	4,956	7,883	7,159
Balance of other income/expense	(1,554)	(666)	(506)	(639)
Income from brokerage and other income	**47,669**	**41,626**	**50,822**	**45,533**
EARNINGS MARGIN	**76,451**	**71,082**	**75,472**	**62,374**
Personnel expenses	(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 property, plant 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**
Provisions for risks and charges	(10,678)	(3,326)	(3,951)	(106)
Net adjustments to loans and to provisions for guarantees and commitments	22	(684)	(495)	(602)
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 PERIOD	**13,381**	**14,525**	**15,189**	**8,786**

Income statement - Quarterly data

(Amounts in Euro/000)

	2009			
	Q4	Q3	Q2	Q1
Net interest	13,564	18,811	31,795	41,809
Dividends and other income from equity investments	-	-	6	-
Interest margin	**13,564**	**18,811**	**31,801**	**41,809**
Net commissions	36,256	38,432	38,477	32,286
Income from trading, hedges and fair value	4,423	4,874	4,546	3,235
Balance of other income/expense	(2,343)	(890)	(13)	249
Income from brokerage and other income	**38,336**	**42,416**	**43,010**	**35,770**
EARNINGS MARGIN	**51,900**	**61,227**	**74,811**	**77,579**
Personnel expenses	(13,088)	(14,437)	(14,763)	(14,307)
Other administrative expenses	(31,153)	(32,302)	(39,309)	(40,791)
Recovery of expenses	7,016	7,069	9,061	9,384
Value adjustments to property, plant and equipment and intangible assets	(2,253)	(1,936)	(1,898)	(1,835)
Operating costs	**(39,478)**	**(41,606)**	**(46,909)**	**(47,549)**
OPERATING PROFIT	**12,422**	**19,621**	**27,902**	**30,030**
Provisions for risks and charges	(2,151)	(1,310)	(2,943)	(1,956)
Merger expenses	(145)	(143)	(143)	(143)
Net adjustments to loans and to provisions for guarantees and commitments	(2,073)	(2,246)	(1,209)	(1,204)
Net profit from investments	133	(45)	(49)	14
GROSS PROFIT FROM CONTINUING OPERATIONS	**8,186**	**15,877**	**23,558**	**26,741**
Income tax for the period	(3,816)	(7,146)	(9,253)	(10,304)
NET PROFIT FROM CONTINUING OPERATIONS	**4,370**	**8,731**	**14,305**	**16,437**
PROFIT (LOSS) FOR THE PERIOD	**4,370**	**8,731**	**14,305**	**16,437**

Key balance sheet figures

(Amounts in Euro/000)

			CHANGES	
	31.12.2010	31.12.2009	ABSOLUTE	%
Receivables from customers[1]	350,860	323,065	27,795	8.6%
Total assets	11,249,457	14,406,235	-3,156,778	-21.9%
Customer direct deposits[2]	9,954,547	11,619,946	-1,665,399	-14.3%
Customer indirect deposits[3]	25,280,114	21,678,244	3,601,870	16.6%
Total customer (direct and indirect) deposits	35,234,661	33,298,190	1,936,471	5.8%
Shareholders' equity	363,989	352,106	11,883	3.4%

1. Ordinary customer loans relate solely to loans granted to customers;
2. Direct deposits from customers includes overdrawn current accounts and repurchase agreements;
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

	31.12.2010	31.12.2009
No. of employees	825	829
No. of resources (excluding PFA, sponsors, and project workers)	901	871
No. of personal (including PFA, sponsors and project workers)	2,318	2,524
No. of operating financial outlets	289	317

Number of employees: includes permanent employees, atypical employees, directors, 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 advisors.

Profitability, productivity and efficiency ratios

(Amounts in Euro/000)

	31.12.2010	31.12.2009
Interest margin/Earnings margin	34.95%	39.92%
Income from brokerage and other income/Earnings margin	65.05%	60.08%
Income from brokerage and other income/Operating costs	104.79%	90.88%
Cost/income ratio	62.08%	66.11%
ROE	16.54%	14.05%
EVA	40.847	30.409
RARORAC	33.47%	18.64%
ROAC	42.17%	26.84%
Income from brokerage and other income/Average resources	210	179
Total customer deposits/Average resources	39,768	37,309
Total customer deposits/(Average resources + PFA)	10,655	9,527

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 EVA, RARORAC and ROAC indicators, the figure relating to Internal Capital as at December 2010 has been maintained equal to that of September 2010 insofar as it has not yet been provided by the Parent Bank. The increase compared to 2009 is also due to the different method used to calculate the asset absorption of operational risk (AMA method in 2010, basic method in 2009).

Balance sheet indicators

	31.12.2010	31.12.2009
Ordinary receivables from customers/Total assets	3.12%	2.24%
Receivables from banks/Total assets	89.49%	89.56%
Financial assets/Total assets	0.24%	0.15%
Direct deposits/Total liabilities	88.49%	80.66%
Shareholders' equity (including profit)/Total liabilities	3.24%	2.44%
Ordinary receivables from customers/Customer direct deposits	3.52%	2.78%

Solvency indicators

	31.12.2010	31.12.2009
Tier 1 capital/Risk-weighted assets - TIER 1 capital ratio	14.85%	18.91%
Regulatory capital/Risk-weighted assets - Total capital ratio	14.85%	18.91%

Risk-weighted assets are calculated by multiplying total prudential requirements by 12.5 (the inverse of the minimum compulsory coefficient of 8%). From 30 June 2010, FinecoBank has calculated 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)	31.12.2010	31.12.2009
Third party volumes traded on MTA	15.95%	15.55%
Classification of third party volumes traded on MTA	1st	1st
Third party volumes traded on TAH	33.45%	29.26%
Classification of third party volumes traded on TAH	1st	1st
Volumes traded on S&P/MIB/Futures	11.62%	14.47%
Classification of volumes traded on S&P/MIB/Futures	1st	1st
Volumes traded on S&P/MIB/Mini	35.53%	31.72%
Classification of volumes traded on S&P/MIB/Mini	1st	1st
No. of transactions in Shares segment	8.39%	9.70%
Classification of no. of transactions in Shares segment	1st	1st

PERSONAL FINANCIAL ADVISORS NETWORK (ASSORETI)	31.12.2010	31.12.2009
Share of Stock market	12.02%	12.26%
Stock classification	3rd	3rd
Share of Net Deposits market	9.33%	8.83%
Classification of Net Deposits	4th	3rd

TOTAL DEPOSITS (BANK OF ITALY)	30.09.2010	31.12.2009
Share of Total Deposits market	1.02%	1.04%
Share of Direct Deposits market	0.97%	1.16%
Share of Indirect Deposits market	1.05%	0.97%

The market share of total deposits relate to 30 September 2010, the latest feedback from the Bank of Italy.

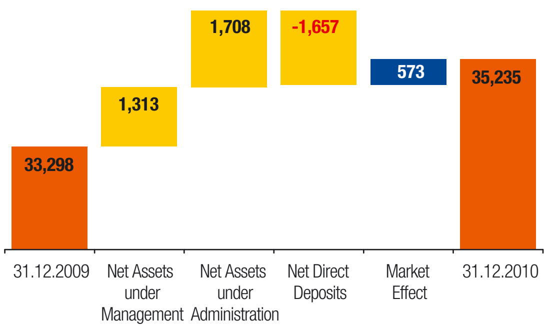
Business performance and main initiatives during the year

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 15.95%, up 15.55% compared to 2009, and continues to hold first place in terms of the number of share transactions with a share of 8.39%[1].
In 2010, FinecoBank continued to be the leading broker In Italy, with a total of 27 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 holds 3rd place in Italy in the Assoreti ranking, with a market share of 12.02% in terms of total assets (corresponding to € 28.4 billion) and 8.59% in terms of assets under management.
In terms of customer satisfaction, an excellent level of consensus was again recorded (in excess of 95%)[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.

Performance of balance sheet aggregates

Total customer deposits (direct plus indirect) reached € 35,235 million, with an increase of 6% against the previous year. Indirect customer deposits as at 31 December 2010 totalled € 25,280 million, and against the € 21,678 million recorded as at 31 December 2009, this marks a 17% increase, confirmation of the steady growth trend.

Performance of stock and Net Deposits in 2010



The number of active accounts amounted to 615 thousand, with an average total deposit (direct + indirect) of over € 57 thousand.

The reorganisation of the distribution network of financial advisors continued following the merger with UniCredit Xelion Banca S.p.A., and entailed the rationalisation of sales outlets (289 financial shops situated throughout the country) and a review of the organisational structure. The network comprised 2,318 financial advisors as at 31 December 2010, with a capital of € 28,396 million, up 5% on the previous year.

Performance of income statement aggregates

The net profit from current operations amounted to € 51.9 million, up compared to the previous year by € 8 million; this result is more than satisfactory, considering the reduction of the interest margin due to the fall in interest rates. It is worth noting that as of 1 March 2010, the Bank has changed the parameter used to calculate the interest paid on customer current accounts, changing from the ECB rate to the 1-month Euribor. Furthermore, compared to 2009, a fair part of the lower revenues associated with the above-illustrated economic scenario were recovered as a result of:
- an increase in commissions, which in 2009 had been influenced by an initial fall in the amount of assets under management, and the excellent result from the internalisation of securities and forex transactions;
- the continuation of efforts to improve operations management, which has enabled operating costs to be maintained in line (+1%) compared to 2009, even though revenues increased 7%.

Communications and external relations

In 2010, the new communication concept "Stay ahead" became a central theme of all of the Bank's communication campaigns, in terms of both the main message of brand and institutional operations, and as a payoff of the logo in all other activities.

In the first few months of 2010, billboards promoted the "Say ahead" message, linking it to the message "The world changes too quickly to be able to keep up". Subsequently, they were also used as a product communication channel, particularly for investment products, as well as for trading and account services, contributing to strengthening brand awareness and making the same message more solid and tangible in terms of positioning.

On-line banking continued to prove an important channel for acquiring customers, generating over 25% of new accounts opened. In 2010, tactical product campaigns were combined with pure brand high-impact promotions.

Particular emphasis was given, both on- and off-line, to the wide range of multi-brand funds, with 3,625 funds of 51 investment houses, as a distinguishing feature of FinecoBank, supported by the personalised advice of the Bank's financial advisors.

Thanks to the very high level of customer satisfaction, acquisition by word of mouth continues to be the most effective way to promote new accounts, also entailing a low acquisition cost and a high average quality of the accounts opened.

1. Source Assosim. Fineco also confirms its leading position on the After Hours Market (TAH) with a share of 33.45%, on S&P/MIB Futures with 11.62% and S&P/MIB Mini with 35.53% (source Assosim).
2. Source TNS Infratest, report April 2010.

Commercial activities and development of new products and services

FinecoBank is a direct bank, focused almost exclusively on the retail customer segment, which offers all the investment services provided by traditional banks, distinguishing itself for its marked propensity for innovation, mainly demonstrated by the development of innovative products and services.
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 2,318 personal financial advisers dedicated to those customers which prefer to deal with professionals.

The main commercial activities, products and services released in 2010 are summarised below:
- extension of the Fineco HI-FI campaign, the points programme that rewards the loyalty of FinecoBank customers;
- starting from February, the possibility of trading Dax30 and EuroStoxx options, the two major European stock market indices;
- starting from February, an Intraday Futures option on commodities and raw materials traded on the CME (E-mini Crude Oil, E-mini Natural Gas, E-mini Gold) market, with the option of reducing the margin invested by 50%;
- starting from March, a Futures trading option on the Futures of the Idem, Eurex and Cme from the Mobile site with a 5-level book;
- starting from April, the possibility of making individual bank transfers in Italy, both on-line and through customer care, with the date on which the transfer is credited to the beneficiary as the next working day after order entry (this option is only available to customer with an active SMS Pin service);
- starting from April, the possibility to see historical trends of up to 20 years of over 10 thousand financial instruments, including bonds listed on MOT and EuroTlx, with personalised time intervals;
- from 10 May to 30 June, the “100 transactions” trading campaign took place, valid for all new current accounts opened during this period;
- starting from June, FinecoBank’s current account became free for those under 28 years old;
- starting from June, the new SMS Stock Market service was made available to all FinecoBank customers, which enables the latter to receive information on the opening of the main European stock exchanges and news on the performance of the most interesting securities each day directly on a mobile phone;
- with a view to improving transparency of terms and conditions, starting from June, there is a new section in the reserved area of the website called “Accrued interest”, where users can consult details of monthly interest income and expense related to their current account;
- starting from July, the Advice platform has been fully activated with the introduction of the “Investment Portfolio Diagnosis” contract, which conducts a check-up of the customer’s overall assets (including those held with other intermediaries);
- starting from October, FinecoBank has joined the Sepa Direct Debit service (pre-authorised payments), offering this services to its customers exclusively as the paying bank;
- starting from December, the Fineco for iPhone application is available from the Apple Store, the most complete European application to manage current accounts, credit cards and investments. More specifically, customers can check transactions on current accounts, organise bank transfers, buy and sell Italian and foreign securities on the major world markets, including setting trading margins, with graphs, indices and quotations in real time;
- the extension of funds and Sicavs offered through the introduction of a new investment house (Pimco Funds) and the launch of new segment by existing houses;
- the opportunity to subscribe new Investment Certificates and Bonds;
- enhancement of the offer of insurance products through the introduction of new policies, Skandia Regular Premium and Fineco Personal Portfolio-Plus from Skandia.

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, 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

Again in 2010, FinecoBank consolidated its leadership in the on-line trading market, by pursuing a strategy of strengthening and completing the offer of products and services targeting the various segments of its customer base.
The number of customers that use the Fineco platform for market trading has increased over the course of the year, with a higher degree of diversification compared to previous years and a natural progression of customers towards more complex products that are not necessarily quoted on the domestic market. The increase of transactions and customers in the Futures, Forex and bonds markets is a clear indication of the above.
The steady growth of new on-line trading users, who have approached the world of investment through the Fineco platform, continued in 2010.

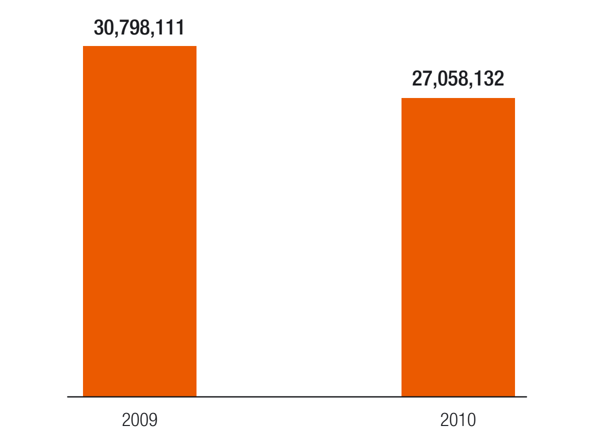
The Bank continued to pursue a strategy to complete, innovate and evolve the services and products offered by continuously analysing customer requests, combined with the monitoring of international best practices and listening to feedback from the commercial network and customer care. As always, this fundamental knowledge base generates the ideas to develop new products and services and to improve existing ones.

Developments in 2010 have regarded all operating platforms (PowerDesk2, Fineco on-line and mobile websites) and have affected all customer targets (investors, traders and active traders).
In particular, efforts to improve the offer in the investor and trader segment continued in 2010 with the release of:
- the Fineco APP for iPhone, once again demonstrating FinecoBank's vocation as a highly innovative bank, proposing a totally new product, able to exploit and make the most of the potential of this new channel. FinecoBank did not limit itself to proposing just one alternative to the mobile website, but sought to offer an APP able to provide a new approach to the entire range of services and products available on the website, with graphics and interfaces designed to be easy and fast to use;
- new graphs, which enable historic series of shares, bonds, indices and forex of up to 20 years to be displayed on the website as well;
- the new indices page, whose graphics have been completely redesigned and made easier and more intuitive to browse, which allows the performance of all world markets to be displayed together, with graphs, quotations and percentage changes;
- the stock exchange and markets SMS service, which enables mobile website users to receive news and alerts relating to the financial markets even when they are on the move.

As regards the target of traders and active traders, the PowerDesk2 platform was further improved through the introduction of:
- reduced margins on forex, which meet the requests of customers for more leverage on intraday transactions. Active traders may trade using only 1% of the total position, taking the best advantage of even slight currency fluctuations. The automatic stop loss service has enabled a highly speculative service to be offered with full control of both the customer's and the bank's risk. The introduction of intraday transactions with the relative increase of leverage has led to a further rise in the number of new users and overall trading volumes;
- new automatic orders linked to the currency spot trading service, available to date only on shares and futures, which enable customers to control risk in a more accurate and efficient manner;
- a basket order service on the professional PowerDesk2 platform, which allows interested customers to memorise and manage a list of pre-defined orders for an unlimited time and to send them individually or as a group to the market with a simple "click". This service also enables customers to establish their own trading strategies and to send them to market when certain conditions are reached.

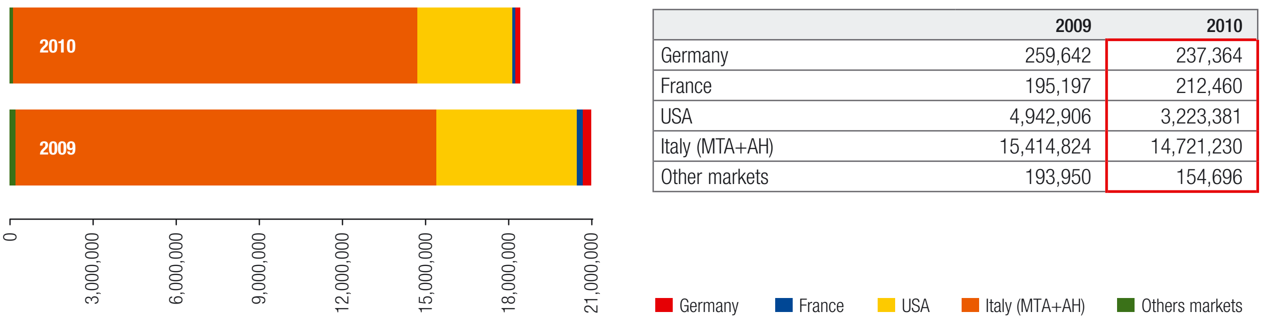
The results achieved in 2010 confirm the success of a business model focused not just on developing the services offered to the more active market traders, but also on offering extremely easy to use innovative services, able to reach and satisfy all investors that are gradually approaching the world of on-line trading, from amateurs to professionals.

Total number executed



The number of orders executed in total includes the transactions of retail and institutional customers relating to shares, bonds, derivatives, forex, funds and repurchase agreements.

Number of orders executed on line broken down by stock market



	2009	2010
Germany	259,642	237,364
France	195,197	212,460
USA	4,942,906	3,223,381
Italy (MTA+AH)	15,414,824	14,721,230
Other markets	193,950	154,696

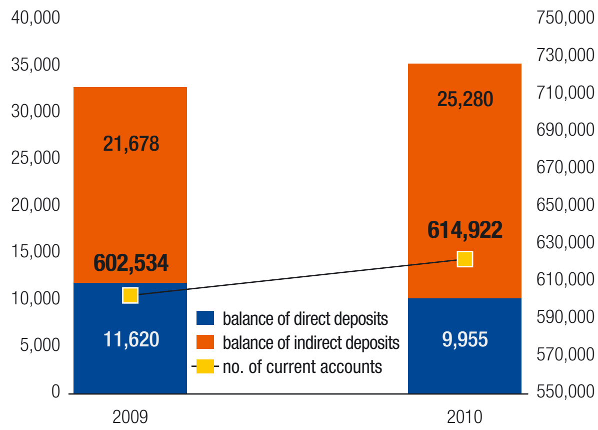
On-line Banking

Direct banking continues to reap success as “asset gatherer”, reporting growth in indirect deposits (under management and administered) of 17%, amounting to € 25,280 million.
Deposits through current accounts reached € 9,226 million and deposits through repurchase agreements amounted to € 729 million.
There are 615 thousand active current accounts, up 2% on 31 December 2009[3]. In 2010, around 60,000 new current accounts were opened.
A significant increase in banking transactions was recorded, which rose from 65 million to around 72.5 million (+11.4%).

The main new features of On-Line Banking regard:
- the change in the reference interest rate for interest income on customer current accounts. Starting from 1 March 2010, the rates applied to Fineco accounts will be based on the 1-month 360 Euribor interest rate;
- the cancellation of the monthly charge to current accounts for all customers under 28 years of age;
- the extension of the post office payment service, extending the same to include road tax, TV licences and council tax;
- the introduction of a new section in the reserved area of the Fineco website called “Accrued interest”, where users can consult details of monthly interest income and expense related to their current account;
- the opportunity to use the Maxi-withdrawal service even through Fineco Mobile banking in real time;
- lastly, following an agreement with Società Autostrade, various promotions have been released to enable customers to request.

Telepasses directly from the website, including the receipt of the invoice at home and cancellation of the yearly charge for one year.

No. of curent accounts and balance of direct and indirect deposits



3. The number of current accounts in 2009 has been adjusted in order to take into account around 57,000 inactive current accounts closed in 2010.

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

On-line Banking (Continued)

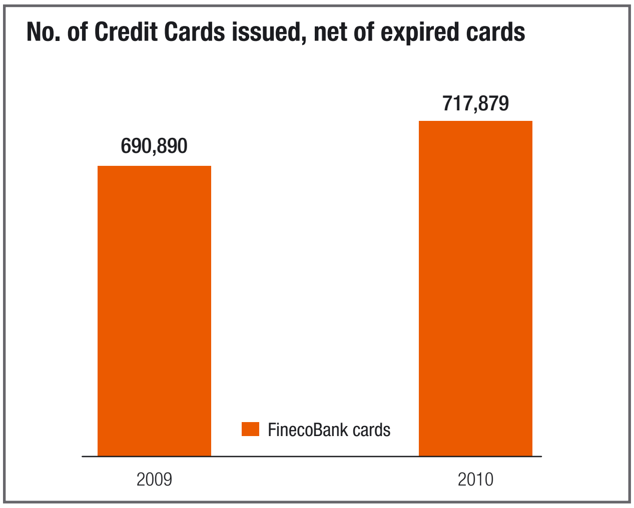
With regard to the payment services linked to the Fineco account, starting from March, a new service called "Transferability of bank transfers" will be activated, where on the request of a new current account holder, FinecoBank, acting as the passive bank, agrees to transfer all payment orders in which the account holder is the orderor or beneficiary on the current account at the other bank.
Furthermore, as of November 2010, acting as passive bank, the Bank has released the new "Sepa Direct Debit" service. This service (pre-authorised payments), permits a creditor to activate a debit order based on a mandate received from the debtor. This tool also enables payments to be organised/made between different countries, as long as they belong to SEPA (Single European Payments Area).

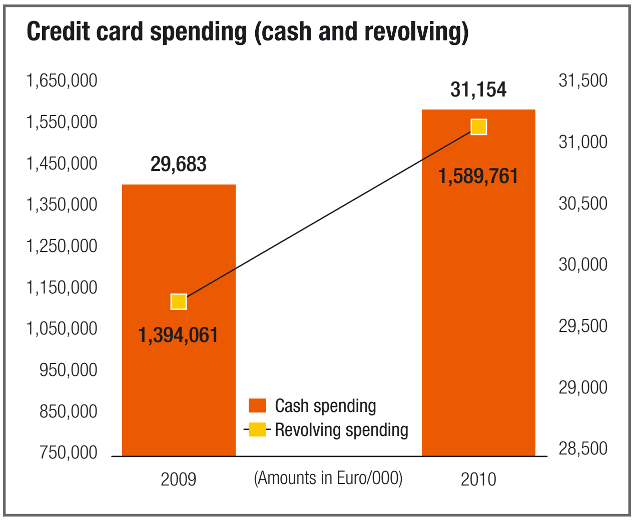
With regard to personal loans, disbursements are in line with those of the previous year, with the exception of a slight fall recorded in the last few months of the year. On the other hand, the total outstanding figure has risen as a result of an increase in the duration and the average amount requested.

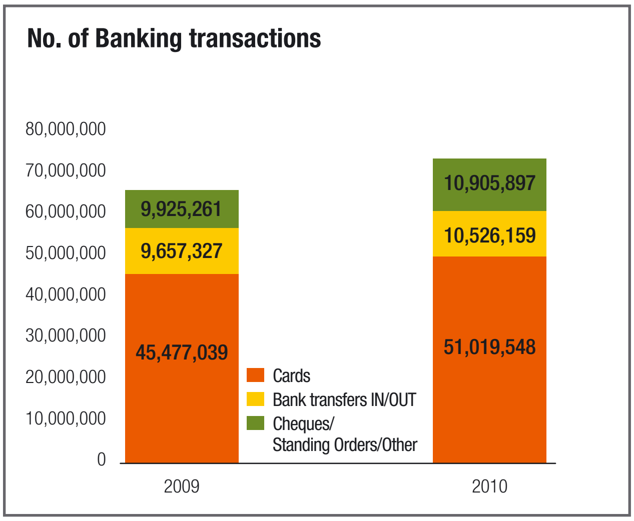
Lastly, in 2010, the indicators relating to the credit card sector showed an upward trend, in line with that of previous years.
More specifically, a 3.7% increase was recorded in the number of active credit cardholders with full payment of the balance at term, whilst an 8.8% increase was recorded in 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 14% compared to the previous year, recording an overall sum of € 1.6 billion.

Spending on revolving cards represented 2% of the total.

At present, the Fineco credit card portfolio is represented by cards operating on the VISA circuit (48%) and the remainder operating on the Mastercard circuit (52%). Note that 14% of the Mastercard portfolio is represented by Giftcards issued to customers following sales promotions.







Personal Financial Advisors Network

In 2010, and more specifically in the first six months, the process to integrate the sales network which commenced following the merger with UniCredit Xelion Banca S.p.A. was concluded, and involved the following:
- completion of the reorganisation of the network structure with the creation of mixed groups throughout the country;
- introduction of a new incentive mechanism for managers, based not only on total net deposits, but also on quality-quantitative aspects;
- action taken on advisers with particularly low assets entailing efforts to stimulate and revive sales;
- optimisation of the territorial organisation as the result of a new set of logistics rules, established last year, which have led to a more rational distribution of financial shops throughout the country with standard and more efficient spending rules.

A series of projects, some of which aimed to improve network operations, were concluded (such as the full revision of Extranet - the platform used by financial advisers - and the Click&Go project, the aim of which was to simplify the operational part of the advisory service provided to customers), others aimed to increase the loyalty of financial advisers (following the Loyalty Plan and the All In Fee, Portfolio enhancement was introduced) and others still, of a more strategic nature, aimed to further the efforts of financial advisers and increase deposits (such as, for example, the creation of Formats to organise customer events, the creation of the Apex segment to best serve high-standing customers).

Co-marketing schemes, network training courses and the organisation of special customer events have resulted in more opportunities for dialogue between financial advisers, the bank and customers.

Again in 2010, in addition to extending the range of products and services offered, agreements with selected, prestigious commercial Partners were finalised, thus boosting the virtuous circle provided by the open architecture.

As at 31 December 2010, the network was made up of 2,318 personal financial advisers, including PFA sponsors, who operate through 289 financial shops, managed directly by the bank or by the personal financial advisers themselves.

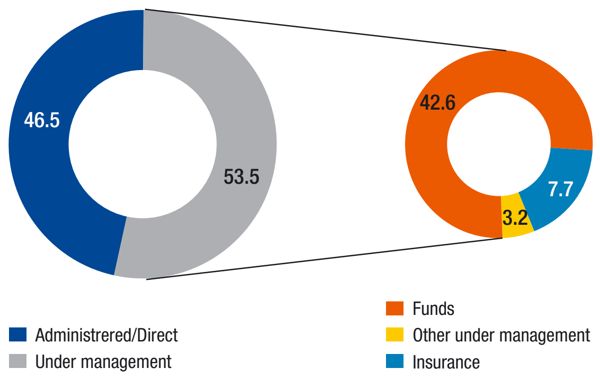
Personal financial advisers Network - assets

(Amounts in Euro/000)

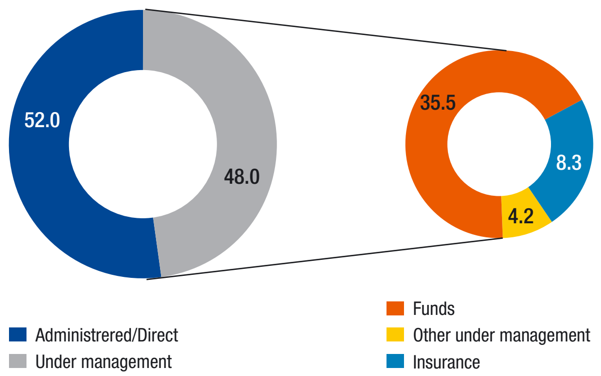
	31.12.2010	% OF TOTAL	31.12.2009	% OF TOTAL	CHANGE	% CHANGE
Current accounts in euro, foreign currencies and repos	6,488,434	22.9%	7,948,351	29.5%	-1,459,917	-18.4%
DIRECT DEPOSITS	**6,488,434**	**22.9%**	**7,948,351**	**29.5%**	**-1,459,917**	**-18.4%**
Mutual funds and other funds	12,105,702	42.6%	9,554,934	35.5%	2,550,768	26.7%
Insurance products	2,174,457	7.7%	2,230,948	8.3%	-56,491	-2.5%
Other assets under management	919,226	3.2%	1,139,790	4.2%	-220,564	-19.4%
ASSETS UNDER MANAGEMENT	**15,199,385**	**53.5%**	**12,925,672**	**48.0%**	**2,273,713**	**17.6%**
Government securities, bonds and stocks	6,708,573	23.6%	6,058,980	22.5%	649,593	10.7%
ASSETS UNDER ADMINISTRATION	**6,708,573**	**23.6%**	**6,058,980**	**22.5%**	**649,593**	**10.7%**
TOTAL ASSETS	**28,396,392**	**100.0%**	**26,933,003**	**100.0%**	**1,463,389**	**5.4%**

The above table shows the breakdown of assets managed by the network of personal financial advisers as at 31 December 2010: total assets - broken down into under management, under administration and direct deposits - correspond to around € 28 billion, with an increase compared to 31 December 2009 of € 1.5 billion (+ 5.4%). Note that assets under management as a percentage of total assets has risen from 45.5% in 2009 to 53.5% in 2010.

% Composition of Total Stock of Assets Personal Financial Advisers Network as 31 December 2010 (%)



% Composition of Total Stock of Assets Personal Financial Advisers Network as 31 December 2009 (%)



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

Personal Financial Advisors Network (Continued)

Personal Financial Advisers Network - net deposits

(Amounts in Euro/000)

	YEAR 2010	% OF TOTAL	YEAR 2009	% OF TOTAL	CHANGE	% CHANGE
Current accounts in euro, foreign currencies and repos	(1,305,881)	-114.1%	(338,613)	-21.8%	-967,268	285.7%
DIRECT DEPOSITS	**(1,305,881)**	**-114.1%**	**(338,613)**	**-21.8%**	**-967,268**	**285.7%**
Mutual funds and other funds	1,717,882	150.1%	1,580,920	101.9%	136,962	8.7%
Insurance products	(147,498)	-12.9%	(155,013)	-10.0%	7,515	-4.8%
Other assets under management	(239,399)	-20.9%	(170,472)	-11.0%	-68,927	40.4%
DEPOSITS UNDER MANAGEMENT	**1,330,985**	**116.3%**	**1,255,435**	**80.9%**	**75,550**	**6.0%**
Government securities, bonds and stocks	1,119,590	97.8%	635,143	40.9%	484,447	76.3%
DEPOSITS UNDER ADMINISTRATION	**1,119,590**	**97.8%**	**635,143**	**40.9%**	**484,447**	**76.3%**
TOTAL DEPOSITS	**1,144,694**	**100.0%**	**1,551,965**	**100.0%**	**-407,271**	**-26.2%**

Total net deposits in 2010 amounted to over € 1.1 billion, recording a significant result in terms of net deposits under management of around € 1.4 billion.
Furthermore, it is worth drawing attention to the fact that the restructuring of portfolios and the effect of the market have led to an increase in the assets under management segment, with respect to 31 December 2009, both in terms of volumes and in terms of the percentage of Total Financial Assets - TFA, corresponding to over € 2.3 billion.
The acquisition of new customers continues to be the most important source of growth, with over 44 thousand current accounts opened through the personal financial advisers' network during the year.
As at 31 December 2010, FinecoBank held 4th place in the Assoreti ranking.

Assets under administration and under management - FinecoBank S.p.A.

(Amounts in Euro/000)

	31.12.2010	% OF TOTAL	31.12.2009	% OF TOTAL	CHANGE	% CHANGE
Mutual funds and other funds	12,427,015	49.2%	9,808,273	45.2%	2,618,742	26.7%
Insurance products	2,233,742	8.8%	2,268,946	10.5%	-35,204	-1.6%
Other assets under management	934,053	3.7%	1,150,962	5.3%	-216,909	-18.8%
ASSETS UNDER MANAGEMENT	**15,594,810**	**61.7%**	**13,228,181**	**61.0%**	**2,366,629**	**17.9%**
Government securities, bonds and stocks	9,685,304	38.3%	8,450,063	39.0%	1,235,241	14.6%
ASSETS UNDER ADMINISTRATION	**9,685,304**	**38.3%**	**8,450,063**	**39.0%**	**1,235,241**	**14.6%**
TOTAL ASSETS	**25,280,114**	**100.0%**	**21,678,244**	**100.0%**	**3,601,870**	**16.6%**

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 adviser's network.

Operating structure

Resources

At the end of 2010, FinecoBank's workforce comprised 933 resources excluding Directors, compared with the figure of 915 as at 31 December 2009, therefore substantially unchanged, as a result of considerable rationalisation, which has led to higher operational efficiency and company productivity, despite a rigorous recruitment policy pursued by the UniCredit Group and the difficult market scenario.

RESOURCES	31 DECEMBER 2010	31 DECEMBER 2009
FinecoBank employees	825	829
Workers with atypical contracts* (+)	112	107
Group employees seconded to FinecoBank (+)	6	2
FinecoBank employees seconded to the Group (-)	(10)	(23)
Total resources excluding Directors	**933**	**915**
Directors (+)	9	9
Total resources	**942**	**924**

* Of which 41 are project workers (PFA sponsor) and 71 have temporary employment contracts.

The efficiency, rationalisation and optimisation of the various departments have been achieved in particular through:
- the significant use of job rotation, which during the year involved 161 resources (corresponding to 19.73%), allowing, on one hand, vacant positions within the company to be filled and on the other hand, guaranteeing the professional development of employees;
- the increasing use of Job Posting, both to fill professional positions within the Group (11 vacancies filled against 59 advertised during the year), and within the Bank itself (23 positions advertised). This latter tool, in particular, has proven to be fundamental to increasing the number of resources within the Business Strategy Implementation and Market Abuse units in the Direct Banking Department;
- the stabilisation of employment agency contracts, which involved 29 resources, enabling the workforce to be increased, mainly in the CRM and Operations Banking areas, as well as guaranteeing operational continuity.

In 2010, 44 resources were hired, 33 of which from external sources and 11 from other Group companies, the majority of which joined the CRM and Operations Banking areas.

Also as regards new recruits, the Bank pays considerable attention to hiring young graduates, particularly in the CRM area, so that they may be trained and develop skills within the company in "Fineco style".

The number of workers with atypical contracts stayed practically the same as last year, and was linked mainly to the use of employment agency contracts (61 during the course of 2010) needed to cope with operating peaks due to market scenarios and to the introduction of new legal regulations, whilst maintaining adequate flexibility.

Within this category of workers, the percentage represented by project-based contracts aimed at introducing Junior profiles to the Personal Financial Advisers' network has fallen, and amounts to 31.6% against 52% last year. This reduction can be attributed to the conversion of the Young Person's project into the "Becoming a Fineco PFA" project, which envisages the recruitment of young people under a different type of contract.

A total of 48 resources left the bank in 2010, of which:
- 10 due to resignations;
- 32 due to transfers to Group companies;
- 2 due to retirement;
- 4 due to entry in the Solidarity Fund.

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

	MEN		WOMEN		TOTAL	
CATEGORY	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Executives	24	26	1	1	25	27
Managers	182	179	53	58	235	237
Professional Areas	293	296	272	269	565	565
Total	**499**	**501**	**326**	**328**	**825**	**829**

The Bank continues to focus on women in its workforce, who represent around 39.5% of the total, and 92.6% of the 54 part-time employees in the company as at 31 December 2010, an important indicator in terms of "diversity".

Average length of service stood at 5 years, whereas the average age was 37 years and 3 months.

Operating structure (Continued)

Resources (Continued)

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 26,500 hours of training in 2010 (including around 4,500 hours given to workers with employment agency contracts in the CRM area), and covered the company's entire population at various levels, with an average of around 31 hours per resource.

The breakdown is as follows:

AREA CONCERNED	TYPE OF TRAINING	HOURS
Technical-behavioural	Classroom	8,061
	On-line	5,727
	On-the-job training	1,682
	Total Technical-behavioural	*15,470*
Language	Classroom	4,916
	On-line	5,030
	Blended	480
	Total Languages	*10,426*
Management	Classroom	684
Total hours		**26,580**

Technical-behavioural training

The Bank's Business Continuity plan was consolidated, guaranteeing training continuity, which involved around 70 backup resources and a total of 1,610 training hours, carried out through on-the-job training, certified on company registers.
Training in compulsory legal topics was intensified, with the organisation of specialist training courses in the classroom for Managers and those most impacted by the topics covered by the courses (in particular "Italian legislative Decree 231/2001" and "Anti Money Laundering and the fight against Funding Terrorism"). On-line training on mandatory topics continued, using the Group's UCILearning Platform (e.g. Anti Money Laundering, Bank-Customer Transparency, Operational risk, Implementation of MiFID).
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 the same reason, special attention was paid to those hired under employment agency contracts, most of which are employed in the Customer Care department, who were provided with basic training and progressive skills development through on-the-job training and specialist courses.
In parallel to the above, "on demand" training needs were met through the organisation of personalised courses in the classroom provided by internal and external UniCredit Group companies.

Language training

Given the international context that FinecoBank works in, also following the establishment of the Asset Gathering Business Line, the knowledge of the English language has become a fundamental and necessary skill. Therefore, in 2010, the opportunity to attend English courses was extended to the entire company. The choice of attendees was based both on recommendations of Heads of department and on self-candidacy.
To extend the pool of potential students, although keeping an eye on costs, a number of different training options were offered. In addition to traditional classroom teaching, individual coaching courses by telephone were introduced to improve conversation skills, "e-post" courses were offered to improve the writing skills needed to use e-mails, as well as on-line courses provided on cd-roms and "one-to-one" courses for executives, for a total of 10,400 training hours.

Management training

To ensure that FinecoBank's young managerial population acquires and develops the right skills, in addition to focusing on specific types of employees (e.g. Executives, Talents, "Uniquesters"), the Bank decided to increase its investment in management training compared to 2009. The number of training hours dedicated to these areas (e.g. leadership, managing reports, emotional skills, time management, problem solving) was doubled, like the number of course participants. Training courses were provided by Unimanagement, a dedicated Group structure, and were partially funded by FBA training plans submitted by UniCredit.

Network training

Behavioural/commercial Network training

In 2010, the Bank's commitment to behavioural and technical training continued through the provision of courses from the relative Catalogue "on demand", particularly Commercial communication, Relational techniques, Planning and Time Management managed "in house".
It is worth noting that these courses have involved practically all Territorial Areas, based on targeted criteria in terms of requirements. Pilot schemes were also launched, addressed to GMs, the purpose of which is to optimise team management and individual dialogue.
The Bank focused considerable efforts on increasing income, by revising the "Improve Your Income" workshop, a course addressed to GM and their teams.
Lastly, the "Events Format" scheme is worth a mention, implemented in synergy with the Commercial Director and the Investment Solutions Director, with a particular focus on Investing, Banking, Trading and Advice, with the objective of providing Managers with formats to use on acquired and prospective customers.

Technical/specialist Network training

In 2010, technical/specialist training focused mainly on the Advice project, brining 717 PFA to the classroom for the Basic Module for a total of 61 editions; 822 PFA were involved in the Second Investment Rebalancing Module for a total of 79 editions; 203 PFA were involved in the third Monitoring Module for a total of 27 editions.
From a teaching perspective, the approach of the courses differed between the first and second half of the year: in the first six months, the classrooms were managed by Network Trainers (as in 2009); in the second half of the year, instead, following a review of the content of the Advice course to improve the application of the same by students, the course was provided by Internal Content Experts (Advice Team + Training Team).
The use of internal staff enabled the harmonisation of course content to be assured as well as the effectiveness of the same. 25 editions of the Advice course were held in parallel, involving, in different stages, the whole managerial staff.
To support the basic course 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 350 PFA. During the year, particular importance was given to the topics of Trading and Investing, through the provision of 27 editions throughout the country.
Lastly, the "Fineco Bond Pilot" scheme (2 editions) continued, as well as that on "IPO and Structured Bonds" (3 editions).
In 2010, 2 editions to prepare for EFA certification were organised and held, involving 58 personal financial advisers; the courses started in January and were concluded in June.
Furthermore, following numerous requests, 28 candidates were given the opportunity to use a "cap" contribution after obtaining second level EFPA certification (EFP).

Compulsory Network training

In 2010, "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, Market Abuse and Anti Usury. Particular emphasis was given to the topic of Anti Money Laundering and Operational Risk, entailing additional in-depth sessions in the classroom for the whole Network, focusing on anomaly indicators and the reporting of suspicious transactions.
The annual maintenance of the RUI (Single Register of Insurance Brokers) entailed 30 editions, involving over 98% of the Network (2202 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 Fineco Bank.

AREA CONCERNED	TRAINING HOURS
Behavioural/Relational Special Projects	11,243
Technical/Institutional	43,506
Compulsory	80,649
Total	**135,398**

With regard to the Sponsor Project, in the first half of the year the Network Training department organised and provided 3-day courses to introduce young future PFAs to the Fineco network and to assist them in passing the exam to enrol on the register. 6 editions were held, involving a total of 58 young aspiring Personal Financial Advisers.
In the second half of the year, the entire young person's project was restructured, and is now called "Becoming PFA Fineco", and is characterised by a change both in the training course and the type of contract.
More specifically, recruitment by means of project-based contracts has been eliminated and has been replaced by a structured course whose objective is to pass the exam, postponing remuneration to when they then join the Network:
To date, two courses have been launched, for a total of 31 aspiring PFA.

Trade union relations

In terms of Trade Union relations, FinecoBank has chosen to consolidate the active role it has established and developed in previous years.
As regards occupational health and safety, and in application of the provisions contained in the Consolidated Act (Italian legislative Decree 81/2008), in collaboration with the Safety Manager, the Bank provided the Company Trade Union Representatives and the Employee Safety Representatives with the necessary information as regards ordinary and extraordinary maintenance work carried out on the Bank's buildings.
At company level, the 2010/2013 General Reorganisation Plan proposed by the Holding company regarding the across-the-board adoption of suitable organisational and managerial measures aimed to cut costs in the Group's Italian businesses, was presented, analysed, discussed and ratified.

Operating structure (Continued)

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 2010, the ICT department focused on the consolidation and development of the Information System, in order to provide new and more versatile added value services to customers.
As regards the architecture of the entire system, improvements continued to be made to infrastructures and software to streamline and make the entire system which provides on-line services to customers and to the PFA network more reliable and scalable; of particular interest is the consolidation of the systems used to provide on-line services, the development and support of direct channels, which have been improved by the addition of the new iPhone channel, the extended integration of the PFA network management platform (GERX), as well as the continuous improvement and tuning of the architecture developed to safeguard applications software.
The various projects completed include bringing systems in line with the new provisions envisaged by the European Payment Services Directive (PSD), connection to the new European SEPA Direct Debit circuit, the activation of Transferability of Bank Transfers and Securities Portfolios based on new ABI regulations, compliance with Money Laundering and Banking Transparency regulations and lastly, the provision of several On-line Trading services to other Legal Entities of the Asset Gathering B.U..

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, must be included.

In 2010, 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 2010, concerned some of the Bank’s operating areas (entering, managing and monitoring customer records, claims, IT project management, PFA anomaly indicators, IT safety policies, collection of orders through PFA, banking transparency, credit cards and anti usury legislation, money laundering, market abuse) 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.

Risk measurement 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 and 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).

Market risk

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

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

According to the policies of the Parent Bank, the maximum potential loss is measured in terms of VAR (Value At Risk). This method identifies the maximum potential loss that, with a 99% confidence level and a one-day holding period, can be expected to be triggered by volatility of market variables, such as interest rates, prices and exchange rates.

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 portfolios. The Risk Management offices checks that the operating thresholds are respected and provides adequate information to Management.

The VAR of the banking portfolio, in particular, is calculated within an ALM (Asset and Liability Management) system, based on a model that identifies the sensitivity (rate of variability to market fluctuations of "risk free" interest rates) of the items entered in the model.

All market risk methods are analysed, selected, developed and documented at Parent Bank level, in order to guarantee a standard and consistent approach throughout the Group.

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 functioning of systems or external events. It includes legal risks.

Following authorisation by 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, based on a series of performance and

Operating structure (Continued)

Risk measurement and control (Continued)

anomaly indicators, the objective of which is to identify unusual phenomena that could trigger the risk of losses for the Bank. The anomaly indicators also help identify PFA whose conduct may potentially not fully comply with the reference legal regulations or internal procedures.

The model was entirely designed and developed within FinecoBank and uses the data available from Bank's electronic databases.

The Bank departments responsible for the commercial area are informed of the results provided by said indicators; the same them carry out 1st level controls with PFA and customers to directly identify the irregularities reported, also on the basis of any recommendations provided by the Risk Management office.

The risks mitigated by the above-described control process regard:
- fraud risk - which identifies potentially illegal conduct aimed at misappropriation, embezzlement or diversion of customers' assets;
- compliance risk - which identifies potentially incorrect conduct entailing failure to comply with primary or secondary regulations or Internal procedures.

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), 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.

Organisational structure

Again in 2010, the Bank's organisational structure continued to undergo the gradual process of adjustment, in order to complete the merger of the two sales networks resulting from the merger by incorporation of UniCredit Xelion Banca S.p.A. into FinecoBank S.p.A., optimising the organisation, as well as overall efficiency, achieved also by means of a more rational arrangement of offices and allocations of resources. In this regard, as the process of merging the two sales networks has now been completed, the Channel Coordination and Integration Department has been eliminated. The latter has been set up at the beginning of 2009 to create single point of sales coordination, in order to facilitate the merger process underway between the two former sales networks, and the Bank's other channels. More specifically, the purpose of the above Department was to transfer the commercial and operating requirements of the PFA Commercial Network Department to the departments coordinated by the General Manager (Investment Services, Direct Banking and Global Banking Services), again to facilitate the process of merging and harmonising the Bank's sales channels. Following the elimination of the Channel Coordination and Integration Department, these activities will be carried out by the PFA Commercial network Department.

In 2010, also to align FinecoBank's structure with the organisational model of the Parent Bank, other significant changes were made. In order to comply with Group regulations regarding Money Laundering and in order 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 unified Sales Network of Personal Financial Advisers.
The "Commercial support" and "Territorial Coordination" organisational units report directly to the new "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 confirms the organisational model already adopted by FinecoBank before incorporating UniCredit Xelion Banca S.p.A., which 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;

Operating structure (Continued)

Organisational structure (Continued)

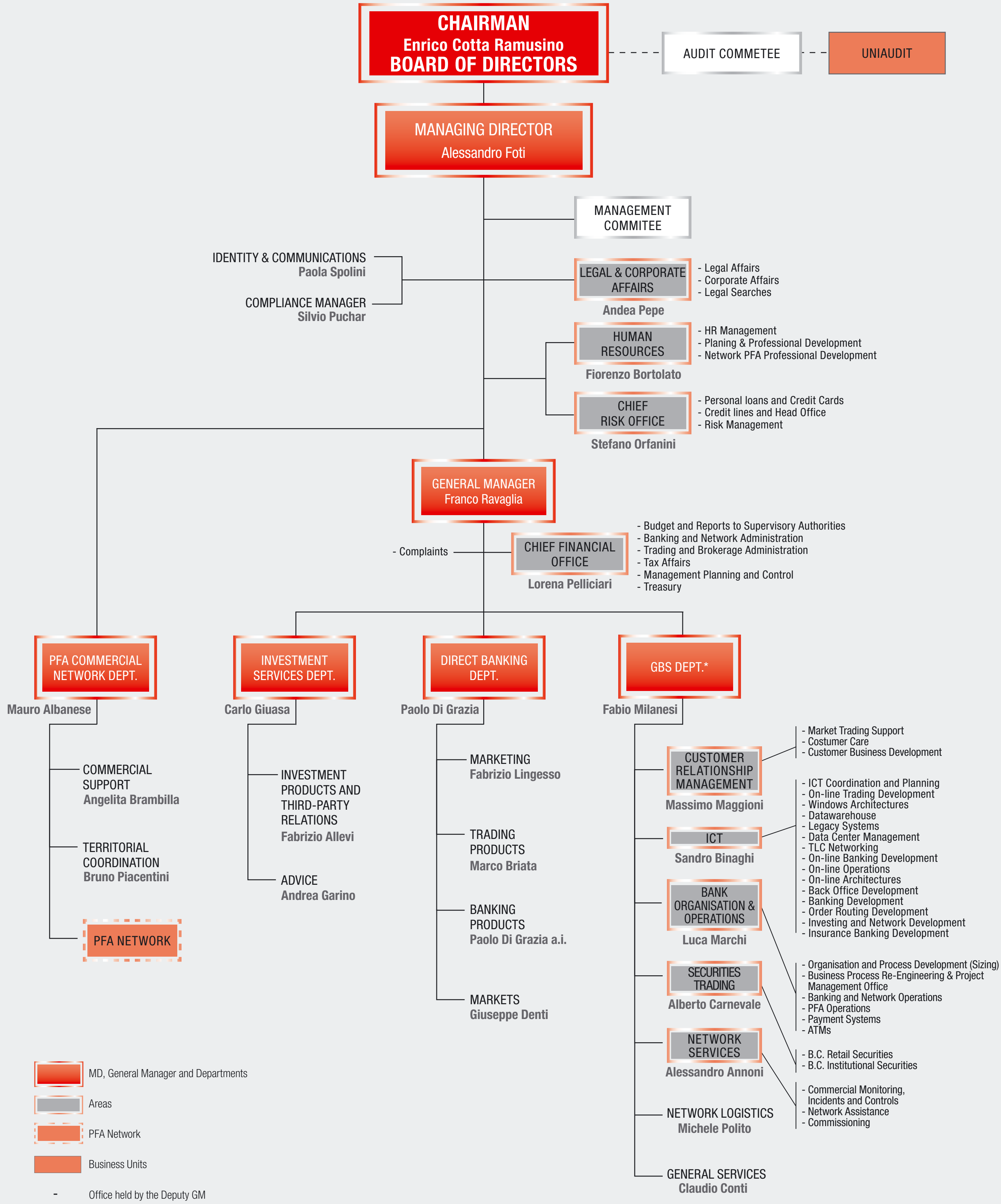
- the GBS (Global Banking Services) Department coordinates the organisational units in charge of monitoring the organisational/ operating processes, and the IT and logistics systems needed to guarantee the effective and efficient operation of the systems supporting business activities.

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 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 Company.

The new 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
Paola Spolini
COMPLIANCE MANAGER
Silvio Puchar
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 Reports to Supervisory Authorities
- Banking and Network Administration
- Trading and Brokerage Administration
- Tax Affairs
- Management Planning and Control
- Treasury
PFA COMMERCIAL NETWORK DEPT.
Mauro Albanese
COMMERCIAL SUPPORT
Angelita Brambilla
TERRITORIAL COORDINATION
Bruno Piacentini
PFA NETWORK
INVESTMENT SERVICES DEPT.
Carlo Giuasa
INVESTMENT PRODUCTS AND THIRD-PARTY RELATIONS
Fabrizio Allevi
ADVICE
Andrea Garino
DIRECT BANKING DEPT.
Paolo Di Grazia
MARKETING
Fabrizio Lingesso
TRADING PRODUCTS
Marco Briata
BANKING PRODUCTS
Paolo Di Grazia a.i.
MARKETS
Giuseppe Denti
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 and Process Development (Sizing)
- Business Process Re-Engineering & Project Management Office
- 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
- Network Assistance
- Commissioning
NETWORK LOGISTICS
Michele Polito
GENERAL SERVICES
Claudio Conti
MD, General Manager and Departments
Areas
PFA Network
Business Units
- Office held by the Deputy GM

Operating structure (Continued)

Security Policy Document

The "Personal Data Protection Code" (hereinafter referred to as the "Code") set forth in Italian Legislative Decree no. 196 of 30 June 2003 (and subsequent amendments), requires, among the various obligations for the security of data and systems, under article 34, that an updated document on security policy be drafted and kept according to the technical procedures indicated under rule 19 of appendix B, "Technical Regulations for Minimum Security Measures". This rule requires the Data Controller to draw up a document on security policy by 31 March of each year, with special attention to electronically processed "sensitive" and legal data.

In addition, rule 26 of the Technical Regulations appended to the Code (Safeguards and Protective Measures) requires, inter alia, that the Notes to the financial statements include a statement to the effect that the Security policy document has been prepared or updated.
To this end, note that the Company is currently updating its Security Policy Document for 2011, drawn up in accordance with art. 34, paragraph 1 letter g) and of Appendix B) - Technical regulations, rule 19 of the Code, which will be completed in accordance with the law.

Business continuity plan (BCP)

To complete the Business Continuity and Crisis Management framework, which in previous years envisaged the *Business Continuity Plan* (hereinafter also "BCP"), the *Disaster Recovery Plan* (hereinafter also "DR"), and the Pandemic Management Plan, on 22 June 2010, the Board of Directors approved *FinecoBank S.p.A.'s Crisis Management Plan* and relative attachment, *Crisis Action Plan*. The latter enables crises in FinecoBank and/or the impacts on the UniCredit Group to be managed by means of predefined "stages", broken down into objectives, activities and expected results.
At the same meeting, the Board of Directors approved the *Business Continuity and Crisis Management* document: *Organisational Model*, which integrates that envisaged in the BCP.

Said document acknowledges and complies with the objectives defined with the adoption of the *Crisis Management Plan*, describing the organisational structure of the bank to manage Business Continuity and Crises, both under normal conditions and 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 2010.
Lastly, to demonstrate the effectiveness and adequacy of the same, identifying any areas for improvement, at the beginning of 2010, 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	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Cash and cash equivalents	9	8	1	12.5%
Financial assets held for trading	22,434	21,821	613	2.8%
Receivables from banks	10,067,146	12,902,870	-2,835,724	-22.0%
Receivables from customers	743,574	1,007,334	-263,760	-26.2%
Financial investments	5,069	464	4,605	992.5%
Hedges	81,164	115,781	-34,617	-29.9%
Property, plant and equipment	9,126	9,222	-96	-1.0%
Goodwill	89,602	89,602	-	-
Other intangible assets	8,857	10,728	-1,871	-17.4%
Tax assets	46,398	52,686	-6,288	-11.9%
Non-current assets and discontinued operations	145	145	-	-
Other assets	175,933	195,574	-19,641	-10.0%
Total assets	**11,249,457**	**14,406,235**	**-3,156,778**	**-21.9%**

(Amounts in Euro/000)

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Payables to banks	424,461	1,564,539	-1,140,078	-72.9%
Customer deposits and securities	10,107,232	12,084,944	-1,977,712	-16.4%
Financial liabilities held for trading	6,718	3,901	2,817	72.2%
Hedges	79,943	114,640	-34,697	-30.3%
Provisions for risks and charges	97,872	85,655	12,217	14.3%
Tax liabilities	29,746	19,872	9,874	49.7%
Other liabilities	139,496	180,578	-41,082	-22.8%
Shareholders' equity	363,989	352,106	11,883	3.4%
- capital and reserves	*312,141*	*308,106*	*4,035*	*1.3%*
- valuation reserves for available-for-sale financial assets	*(33)*	*157*	*-190*	*-121.0%*
- net profit	*51,881*	*43,843*	*8,038*	*18.3%*
Total liabilities and shareholders' equity	**11,249,457**	**14,406,235**	**-3,156,778**	**-21.9%**

Main balance sheet aggregates (Continued)

Financial assets held for trading

Financial assets held for trading are mainly comprised of stocks and bonds classified as FV/PL (Fair Value through Profit or Loss), amounting to € 15.5 million, held in the Bank's portfolio as a result of trading activity, for sale in the short term.

Financial assets held for trading include the positive valuation of commitments for currencies and securities to be received and delivered of € 7 million, which correspond to negative valuations booked under item 40 Financial liabilities held for trading.

Receivables from banks

(Amounts in Euro/000)

			CHANGES	
	31.12.2010	31.12.2009	ABSOLUTE	%
1. Current accounts and demand deposits	5,926,667	5,806,519	120,148	2.1%
2. Savings accounts	852,224	2,492,471	-1,640,247	-65.8%
3. Other loans:				
3.1 Reverse repurchase agreements	183,593	1,097,709	-914,116	-83.3%
3.2 Other	4,394	5,821	-1,427	-24.5%
4. Debt securities				
4.1 Structured securities	22	12	10	83.3%
4.2 Other debt securities	3,100,246	3,500,338	-400,092	-11.4%
Total	**10,067,146**	**12,902,870**	**-2,835,724**	**-22.0%**

Receivables from banks in the form of current accounts and demand deposits are mainly represented by accounts held with UniCredit S.p.A. and to a lesser extent, by current accounts held with Societé Generale Securities Services 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 € 189 million, in addition to savings accounts held with UniCredit S.p.A. of € 663 million, opened to employ the funds collected through repurchase agreements with retail customers, in the same timeframe.
Reverse repurchase agreements, amounting to € 174 million, are mainly represented by transactions with UniCredit Group companies in order to receive securities to use in repurchase agreements with retail customers.

The fall in deposits through repurchase agreements by retail customers has led to a fall in bank loans for savings accounts and reverse repurchase agreements.

The item 'Other Loans - Other' regards collateral deposits and initial margins with clearing houses 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 € 3,100 million. They were subscribed in order to invest liquidity and, at the same time, to be used for repurchase agreements with retail customers.

Receivables from customers

Receivables from customers, amounting to € 744 million, can be broken down as follows:

- € 351 million in loans to ordinary customers;
- € 194 million in reverse repurchase agreements;
- € 118 million in securities lending;
- € 29 million in collateral deposits and initial margins with clearing houses for derivative transactions;
- € 52 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, as well as securities lending in the *"Assets Portfolio"*.
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	
	31.12.2010	31.12.2009	ABSOLUTE	%
1. Current accounts	53,570	68,517	-14,947	-21.8%
2. Reverse repurchase agreements	311,312	609,814	-298,502	-48.9%
3. Mortgages	276	929	-653	-70.3%
4. Credit cards, personal loans and salary-guaranteed loans	296,758	272,253	24,505	9.0%
5. Finance leases	-	-	-	-
6. Factoring	-	-	-	-
7. Other transactions	81,656	55,819	25,837	46.3%
8. Debt securities:				
8.1 Structured securities	-	-	-	-
8.2 Other debt securities	2	2	-	0.0%
Total (book value)	**743,574**	**1,007,334**	**-263,760**	**-26.2%**

(Amounts in Euro/000)

ORDINARY CUSTOMER RECEIVABLES			CHANGES	
(MANAGEMENT RECLASSIFICATION)	31.12.2010	31.12.2009	ABSOLUTE	%
Current accounts	51,237	47,336	3,901	8.2%
Impaired current accounts	2,333	1,908	425	22.3%
Use of credit cards	179,354	161,972	17,382	10.7%
Use of impaired credit cards	54	82	-28	-34.1%
Impaired mortgages	276	929	-653	-70.3%
Personal loans	116,054	109,068	6,986	6.4%
Impaired personal loans	1,296	1,131	165	14.6%
Other financings	236	615	-379	-61.6%
Impaired other financings	20	24	-4	-16.7%
Ordinary customer receivables	**350,860**	**323,065**	**27,795**	**8.6%**

The ordinary customer loans portfolio is mainly represented by receivables for personal loans and credit card use. Overall, ordinary customer loans recorded a 9% increase, mainly due to the increase in receivables for credit card use and personal loans.

Main balance sheet aggregates (Continued)

Impaired assets

The amount of impaired loans net of value adjustments was € 4 million, € 2.9 million of which in non-performing loans, € 0.4 million in problem loans and € 0.7 million in loans overdue.

Impaired loans relate to current account overdrafts, credit card use and personal loans.

(Amounts in Euro/000)

	GROSS AMOUNT		WRITEDOWN RESERVE		NET AMOUNT	
CATEGORY	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Non-performing loans	9,694	6,453	6,749	4,143	2,945	2,310
Problem loans	1,058	2,323	689	1,546	369	777
Loans overdue	1,473	2,309	808	1,053	665	1,256
Total	**12,225**	**11,085**	**8,246**	**6,742**	**3,979**	**4,343**

Hedges

(Amounts in Euro/000)

			CHANGES	
	31.12.2010	31.12.2009	ABSOLUTE	%
Hedge derivatives - positive measurements	50	-	50	-
Hedge derivatives - negative measurements	(79,943)	(114,640)	34,697	-30.3%
Adjustment to the value of assets under macro-hedge	81,114	115,781	-34,667	-29.9%
Imbalance	**1,221**	**1,141**	**80**	**7.0%**

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*.

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.
The measurement of hedge derivatives includes accrued income of € 1 million.

Financial investments

(Amounts in Euro/000)

	31.12.2010	31.12.2009	CHANGES ABSOLUTE	%
Available-for-sale financial assets	5,069	464	4,605	992.5%
Total	**5,069**	**464**	**4,605**	**992.5%**

Financial investments are only comprised of *Available-for-sale financial assets* which include debt securities issued by the Italian Central Administration, amounting to € 5.1 million, and equity investments in companies in which the Bank does not exercise, either directly or through subsidiaries, control or significant influence, amounting to € 13 thousand, including shares in the following group companies:

- 10 shares of UniCredit Global Information Services S.p.A. for a total of € 10.15;
- 10 shares of UniCredit Business Partner S.p.A. for a total of € 162.22;
- 20 shares of UniCredit Audit S.p.A. for a total of € 220.63;
- 10 shares of UniCredit Real Estate S.p.A. for a total of € 11.06;

for a grand total of 50 shares corresponding to € 404.06.

In the first six months of 2010, the sale of the remaining 11,422 Visa Inc. class A shares held by FinecoBank was concluded (on 27 November 2009, 4,894 shares, corresponding to 30% of the shares in the portfolio, had been sold) at the minimum price of US$ 50.00 each, for US$ 85.78. The sale generated a profit of around € 443 thousand.
On 15 July 2010, 10 quotas of UniCredit Bancassurance Management and Administration S.r.l. were sold to the Parent Bank for a total of € 5.16.

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.
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 01.01.2010	INVESTMENTS AS AT 31.12.2010	OTHER CHANGES - SALES	AMORTISATION AND ADJUSTMENTS AS AT 31.12.2010	BALANCE 31.12.2010
Property	3,060	-	-	(108)	2,952
Electronic machines	2,273	2,005	(6)	(1,193)	3,079
Furniture and fittings	2,076	624	(40)	(1,235)	1,425
Plant and equipment	1,813	460	3	(606)	1,670
TOTAL	**9,222**	**3,089**	**(43)**	**(3,142)**	**9,126**

Main balance sheet aggregates (Continued)

Goodwill

Goodwill recorded in the balance sheet did not show any losses in value, as determined by the impairment test, and is broken down as follows:

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.

The impairment test performed as at 31 December 2010 did not highlight the need for any value adjustments.

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.

(Amounts in Euro/000)

INTANGIBLE ASSETS	BALANCE 01.01.2010	INVESTMENTS AS AT 31.12.2010	OTHER CHANGES - SALES	AMORTISATION AND ADJUSTMENTS AS AT 31.12.2010	BALANCE 31.12.2010
Software	10,728	4,044	(24)	(5,891)	8,857

Payables to banks

(Amounts in Euro/000)

	31.12.2010	31.12.2009	CHANGES	
			ABSOLUTE	%
1. Payables to central banks	**-**	**-**	**-**	**-**
2. Payables to banks				
2.1 Current accounts and demand deposits	157,530	65,863	91,667	139.2%
2.2 Savings accounts	173,579	1,094,261	-920,682	-84.1%
2.3 Loans				
2.3.1 Repurchase agreements	93,339	404,400	-311,061	-76.9%
2.3.2 Other	-	-	-	-
2.4 Payables for obligations to repurchase own equity instruments	-	-	-	-
2.5 Other payables	13	15	-2	-13.3%
Total	**424,461**	**1,564,539**	**-1,140,078**	**-72.9%**

The item current accounts and demand deposits consist primarily of reciprocal current accounts with UniCredit and loans with banks external to the group.
The fall in savings accounts recognised under liabilities, opened with UniCredit S.p.A., is a direct consequence of the fall in reverse repurchase agreements. In fact, FinecoBank sets up reverse repurchase agreements with UniCredit S.p.A. to receive securities to use in reverse repurchase agreements; at the same time, savings accounts recognised under liabilities are opened at the same rates and with the same maturities as the reverse repurchase agreements in order to cancel the relative economic impact and to maintain a correct maturity profile for ALM purposes. The fall in deposits through repurchase agreements with retail customers has made the need to receive securities through reverse repurchase agreements superfluous, with a consequent fall in savings accounts recognised under liabilities.
The item 'Payables to Banks - Loans - Repurchase Agreements' includes € 3.5 million in transactions conducted with UniCredit Group companies.

Main balance sheet aggregates (Continued)

Customer deposits

The balance of direct customer deposits is represented by sums raised through current accounts and repurchase agreements with retail and institutional customers, and totals € 10 billion, showing a decrease of 14.3% compared to 31 December 2009, while indirect deposits (under management and under administration) recorded an increase of 16.6%; in terms of volumes, the fall in direct deposits was € 1.6 billion against an increase in indirect deposits of € 3.6 billion.

Other loans include exclusively securities borrowing by the Bank, which came to a total of € 118 million, against € 426 million as at 31 December 2009, corresponding to an equal sum of securities lending transactions, recognised under asset item 70, "Receivables from customers".

(Amounts in Euro/000)

			CHANGES	
	31.12.2010	31.12.2009	ABSOLUTE	%
1. Current accounts and demand deposits	9,225,503	9,489,254	-263,751	-2.8%
2. Savings accounts	-	109	-109	-100.0%
3. Loans				
3.1 Repurchase agreements	729,044	2,130,583	-1,401,539	-65.8%
3.2 Other	117,538	426,342	-308,804	-72.4%
4. Payables for obligations to repurchase own equity instruments	-	-	-	-
5. Other payables	35,147	38,656	-3,509	-9.1%
Total	**10,107,232**	**12,084,944**	**-1,977,712**	**-16.4%**
Of which direct customer deposits	**9,954,547**	**11,619,946**	**-1,665,399**	**-14.3%**

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 € 7 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 FV/PL (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 € 97.9 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	31.12.2009	UTILISATIONS 2010	EFFECT OF DISCOUNTING	NET ALLOCATIONS 2010 *	OTHER CHANGES	31.12.2010
Legal disputes						
- disputes with customers and agents	46,982	(5,978)	445	6,262	-	47,711
Other						
- provision for additional customer expenses	27,567	(927)	-	3,187	-	29,827
- other provisions for risks and charges	11,106	(3,564)	-	9,792	3,000	20,334
Total provisions for risks and charges	**85,655**	**(10,469)**	**445**	**19,241**	**3,000**	**97,872**

* Net provisions for 2010 include € 1.6 million recorded under Other administrative expenses.

Shareholders' equity

As at 31 December 2010, 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 € 16.8 million, and the Extraordinary reserve, amounting to € 93.3 million.
The Bank does not hold any of its own shares in the portfolio.
Compared to the situations as at 31 December 2009, the following changes were reported in shareholders' equity in 2010:
- on 20 April 2010, following the distribution of 2009 profits, € 2.2 million was allocated to the legal reserve and € 1.8 million to the extraordinary reserve; the remaining € 39.4 million was distributed to shareholders and € 0.4 million to charitable donations;
- furthermore, on 20 April 2010, the Shareholders' Meeting resolved to cover the negative reserves present in the financial statements following the exercise in 2008 of the Optional Redemption, contained in the "Step-Up and Call" clause of securitisation transactions Garda Securitisation Series 2001-1 and Velites, for the figure of € 26.8 million, and following the assignment of non-performing loans to the group company Aspra Finance S.p.A. in 2009, for the figure of € 3.9 million, through the use of the following positive reserves:
  - full use of the "Reserve from the spin-off of UniCredit Private Banking S.p.A. division" for the sum of € 24.5 million;
  - full use of the "Reserve for redemption of goodwill under Legislative Decree 185/2008", for the sum of € 2.2 million;
  - full use of the "Reserve for merger surpluses" for the sum of € 0.06 million;
  - full use of the "Reserve subject to tax on distribution under Legislative Decree 124/93", for the sum of € 0.07 million;
  - partial use of the "Extraordinary reserve" for the sum of € 3.9 million.
- zeroing of the Valuation reserve related to the Visa Inc. equity investment, for the sum of € 0.2 million, recorded under Available-for-sale financial assets, and sold in the first half of 2010;
- recognition of a Negative valuation reserve relating to Government securities classified as AFS, for the sum of € 0.03 million.

Shareholders' equity

(Amounts in Euro/000)

ITEMS/AMOUNTS	31.12.2010	31.12.2009
1. Share capital	200,070	200,070
2. Share premiums	1,934	1,934
3. Reserves		
- Legal reserve	16,795	14,603
- Extraordinary reserve	93,342	95,350
- Reserve from buy-back of securitised loans	-	(26,868)
- Reserve from the spin-off of UniCredit Private Banking S.p.A.	-	24,500
- Reserve for redemption of goodwill under Legislative Decree 185/2008	-	2,250
- Negative reserve from transfer of non-performing loans	-	(3,861)
- Other reserves	-	128
4. (Own shares)	-	-
5. Valuation reserves	(33)	157
6. Equity instruments	-	-
7. Profit (Loss) for the year	51,881	43,843
Total	**363,989**	**352,106**

Regulatory capital and prudential requirements

(Amounts in Euro/000)

	31.12.2010	31.12.2009
Tier 1 capital	232,168	225,745
Tier 2 capital	-	78
Elements to deduct	-	-
Regulatory capital	**232,168**	**225,823**
Prudential requirements	125,085	95,518
Risk-weighted assets	1,563,567	1,193,974
Tier 1	14.85%	18.91%
Tier 2	0.00%	0.00%
Regulatory capital/risk-weighted assets	14.85%	18.91%

As at 31 December 2010, the regulatory capital amounted to € 232 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. From 30 June 2010, FinecoBank has calculated 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.
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

Reclassified income statement

(Amounts in Euro/000)

			CHANGES	
	31.12.2010	31.12.2009	ABSOLUTE	%
Net interest	99,721	105,979	-6,258	-5.9%
Dividends and other income from equity investments	8	6	2	33.3%
Interest margin	**99,729**	**105,985**	**-6,256**	**-5.9%**
Net commissions	161,673	145,451	16,222	11.2%
Income from trading, hedges and fair value	27,342	17,078	10,264	60.1%
Balance of other income/expense	(3,365)	(2,997)	-368	12.3%
Income from brokerage and other income	**185,650**	**159,532**	**26,118**	**16.4%**
EARNINGS MARGIN	**285,379**	**265,517**	**19,862**	**7.5%**
Personnel expenses	(56,014)	(57,175)	1,161	-2.0%
Other administrative expenses	(139,166)	(142,975)	3,809	-2.7%
Recovery of expenses	27,054	32,530	-5,476	-16.8%
Value adjustments to property, plant and equipment and intangible assets	(9,034)	(7,922)	-1,112	14.0%
Operating costs	**(177,160)**	**(175,542)**	**-1,618**	**0.9%**
OPERATING PROFIT	**108,219**	**89,975**	**18,244**	**20.3%**
Provisions for risks and charges	(18,061)	(8,360)	-9,701	116.0%
Merger expenses	-	(574)	574	-100.0%
Net adjustments to loans and to provisions for guarantees and commitments	(1,759)	(6,732)	4,973	-73.9%
Net profit from investments	417	53	364	686.8%
GROSS PROFIT FROM CONTINUING OPERATIONS	**88,816**	**74,362**	**14,454**	**19.4%**
Income tax for the period	(36,935)	(30,519)	-6,416	21.0%
NET PROFIT FROM CONTINUING OPERATIONS	**51,881**	**43,843**	**8,038**	**18.3%**
PROFIT (LOSS) FOR THE YEAR	**51,881**	**43,843**	**8,038**	**18.3%**

Income statement figures (Continued)

Interest margin

The interest margin as at 31 December 2010 was € 100 million, down 6% compared to the same period of 2009.

(Amounts in Euro/000)

INTEREST INCOME	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
1. Financial assets held for trading	348	372	-24	-6.5%
2. Available-for-sale financial assets	73	-	73	-
3. Financial assets held to maturity	-	-	-	-
4. Receivables from banks	150,034	313,626	-163,592	-52.2%
5. Receivables from customers	33,930	27,971	5,959	21.3%
6. Financial assets measured at fair value	-	-	-	-
7. Hedge derivatives	-	-	-	-
8. Other assets	45	390	-345	-88.5%
Total interest income	**184,430**	**342,359**	**-157,929**	**-46.1%**

(Amounts in Euro/000)

INTEREST EXPENSE	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
1. Payables to banks	(4,369)	(18,126)	13,757	-75.9%
2. Payables to customers	(57,683)	(156,629)	98,946	-63.2%
3. Securities in issue	-	-	-	-
4. Financial liabilities held for trading	-	(1,087)	1,087	-100.0%
5. Financial liabilities measured at fair value	-	-	-	-
6. Financial liabilities associated with assets sold but not eliminated	-	-	-	-
6. Other liabilities	(41)	(381)	340	-89.2%
7. Hedge derivatives	(22,616)	(60,157)	37,541	-62.4%
Total interest expense	**(84,709)**	**(236,380)**	**151,671**	**-64.2%**
Dividends and other income from equity investments	8	6	2	33.3%
Interest margin	**99,729**	**105,985**	**-6,256**	**-5.9%**

The fall in interest income on loans and interest expense on deposits is mainly due to the sharp fall, which started in 2008 and stopped in 2010, of the Euribor and ECB interest rates, which also led to a reduction of the interest margin as a whole.

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

(Amounts in Euro/000)

BREAKDOWN OF INTEREST INCOME	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Interest income on receivables from banks	**150,034**	**313,626**	**-163,592**	**-52.2%**
- current accounts	58,118	42,766	15,352	35.9%
- repurchase agreements	3,098	2,099	999	47.6%
- demand deposits	246	3,312	-3,066	-92.6%
- savings accounts for compulsory reserve	1,902	2,193	-291	-13.3%
- savings accounts	21,280	98,646	-77,366	-78.4%
- other loans	18	224	-206	-92.0%
- debt securities	65,372	164,386	-99,014	-60.2%
Interest income on receivables from customers	**33,930**	**27,971**	**5,959**	**21.3%**
- current accounts	2,271	2,746	-475	-17.3%
- repurchase agreements	19,059	13,059	6,000	45.9%
- mortgages	3	88	-85	-96.6%
- credit cards	2,470	2,235	235	10.5%
- personal loans	9,971	9,549	422	4.4%
- other loans	156	282	-126	-44.7%
- non-performing loans not reclassified	-	12	-12	-100.0%

Interest income on receivables from banks stood at € 150 million, an overall decrease of € 164 million compared to 31 December 2009. The fall in the Euribor interest rate and the reduction of direct deposits, which are mostly invested in debt securities and savings accounts with UniCredit S.p.A., led to the consequent reduction of interest income.

Interest income on receivables from customers stood at € 34 million, an overall increase of € 6 million compared to 31 December 2009, due to the increase in volumes related to *"Multiday Leverage"* securities lending transactions guaranteed by sums of money.

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	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Interest expense on payables to banks	**(4,369)**	**(18,126)**	**13,757**	**-75.9%**
- current accounts	(369)	(2,887)	2,518	-87.2%
- savings accounts	(2,905)	(8,062)	5,157	-64.0%
- other loans	(39)	(156)	117	-75.0%
- repurchase agreements	(1,056)	(7,021)	5,965	-85.0%
Interest expense on payables to customers	**(57,683)**	**(156,629)**	**98,946**	**-63.2%**
- current accounts and initial futures margins	(32,783)	(78,884)	46,101	-58.4%
- savings accounts	-	(1)	1	-100.0%
- repurchase agreements	(20,624)	(74,917)	54,293	-72.5%
- securities borrowing	(4,276)	(2,825)	-1,451	51.4%
- other payables	-	(2)	2	-100.0%

Interest expense on payables to banks amounted to € 4 million, recording a decrease of € 14 million compared to 31 December 2009 mainly due to a fall in deposits made through savings accounts and repurchase agreements, and to the fall in the Euribor interest rate, the reference parameter used to calculate interest on deposits.

Interest expense on payables to customers stood at € 58 million, down € 99 million against 31 December 2009, due to the fall in direct deposits made through current accounts and repurchase agreements, offset by indirect deposits, and to the reference interest rates used to calculate interest on deposits. Note that as of 1 March, the parameter used to calculate interest on current account deposits is the 1-month Euribor less 0.25%.

Income from brokerage and other income

(Amounts in Euro/000)

INCOME FROM BROKERAGE AND OTHER INCOME	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Net commissions	161,673	145,451	16,222	11.2%
Income from trading, hedges and fair value	27,342	17,078	10,264	60.1%
Balance of other income/expense	(3,365)	(2,997)	-368	12.3%
Total income from brokerage and other income	**185,650**	**159,532**	**26,118**	**16.4%**

Net commissions

(Amounts in Euro/000)

NET COMMISSIONS	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Assets under Management Area	59,658	42,421	17,237	40.6%
On-Line Area	13,917	6,068	7,849	129.4%
- of which Credit Cards	12,396	10,629	1,767	16.6%
- of which On-Line Banking	1,521	(4,561)	6,082	n.c.
Securities Brokerage Area	88,098	96,962	-8,864	-9.1%
Total net commissions	**161,673**	**145,451**	**16,222**	**11.2%**

Net commissions amounted to € 162 million, recording a decrease of 11.2%.
This increase is mainly due to the increase in net commissions in the Savings under management Area, related to the increase in Net managed deposits, and to efforts to restructure portfolios, and to the improvement in the net commissions of the On-line Banking Area, resulting from lower commissions paid to personal financial advisers following the fall in direct deposits.
The net commissions of the Brokerage and Securities Markets Area, on the other hand, fell due to a reduction in the number of orders executed.

The increase of **Income from trading, hedges and fair value** is attributable to higher profits from the trading of securities and currency.

The **Balance - other income/expense** was impacted by lower income from credit card services provided by FinecoBank to retail banks of the UniCredit Group up until 30 June 2009, the date on which the transfer of the business to UniCredit S.p.A.'s Card Payment Solutions division was finalised, and by lower costs relating to the fraudulent use of credit cards, thanks to the introduction of cards with microchips.

Income statement figures (CONTINUED)

Operating costs

(Amounts in Euro/000)

OPERATING COSTS	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Personnel expenses	(56,014)	(57,175)	1,161	-2.0%
Other administrative expenses	(139,166)	(142,975)	3,809	-2.7%
Recovery of expenses	27,054	32,530	-5,476	-16.8%
Value adjustments to plant, property and equipment and intangible assets	(9,034)	(7,922)	-1,112	14.0%
Total operating costs	**(177,160)**	**(175,542)**	**-1,618**	**0.9%**

(Amounts in Euro/000)

TYPE OF COST/AMOUNT	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
1) Employees	**(51,757)**	**(54,669)**	**2,912**	**-5.3%**
a) wages and salaries	(35,528)	(38,267)	2,739	-7.2%
b) social security contributions	(9,693)	(10,090)	397	-3.9%
c) employee severance fund	(2,161)	(1,977)	-184	9.3%
d) pension costs	-	-	-	n.c.
e) provision for employee severance fund	(180)	(235)	55	-23.4%
g) payments to supplementary external pension funds:			-	n.c.
external pension funds:			-	n.c.
- defined contribution	(769)	(794)	25	-3.1%
h) costs arriving from share-based			-	n.c.
agreements involving own equity instruments	(145)	(68)	-77	113.2%
i) other employee benefits	(3,281)	(3,238)	-43	1.3%
2) Other personnel	**(597)**	**(376)**	**-221**	**58.8%**
3) Directors and statutory auditors	**(664)**	**(1,042)**	**378**	**-36.3%**
5) Recovery of expenses for employees seconded to other companies	**567**	**2,032**	**-1,465**	**-72.1%**
6) Recovery of expenses for employees seconded to the company	**(3,563)**	**(3,120)**	**-443**	**14.2%**
Total	**(56,014)**	**(57,175)**	**1,161**	**-2.0%**

Personnel expenses as at 31 December 2010 recorded a reduction of € 1 million compared to the previous year. Considerable efforts towards rationalisation has led to higher operational efficiency and company productivity, despite a rigorous recruitment policy.

Other administrative expenses net of **Recoveries of expenses** recorded a rise of € 1.5 million, even in the presence of higher advertising and marketing costs of over € 6 million, as a result of continuous efforts to improve efficiency and cut costs. Recoveries of expenses fell following the transfer of credit card services to UniCredit S.p.A.'s Card Payment Solutions division, cited above, with a consequent reduction of the administrative services and the expenses relating to the transferred activity.

(Amounts in Euro/000)

OTHER ADMINISTRATIVE EXPENSES AND RECOVERY OF EXPENSES	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Stamp duty	(26,952)	(26,895)	-57	0.2%
Registration tax	(117)	(109)	-8	7.3%
Other municipal taxes and duties	(462)	(488)	26	-5.3%
Other taxes and duties	(1,379)	(1,233)	-146	11.8%
Advertising, promotion and entertainment expenses				
- mass media communications	(9,398)	(4,674)	-4,724	101.1%
- communications at outlets & direct marketing	(162)	(356)	194	-54.5%
- promotional expenses	(7,349)	(5,850)	-1,499	25.6%
- market research	(54)	(44)	-10	22.7%
- sponsorships	(105)	(27)	-78	288.9%
- entertainment expenses	(101)	(24)	-77	320.8%
Conventions and internal communications	(54)	(35)	-19	54.3%
Fees to external experts				
- legal costs for credit collection	(192)	(977)	785	-80.3%
- technical consulting services	(202)	(241)	39	-16.2%
- other professional services	(516)	(406)	-110	27.1%
- strategic-management consulting services	(63)	(19)	-44	231.6%
- legal costs and notary fees	(2,982)	(2,560)	-422	16.5%
Various services provided by third parties				
- credit collection services	(1)	(20)	19	-95.0%
- personnel area services	(444)	(322)	-122	37.9%
- real estate area services	(3,386)	(3,847)	461	-12.0%
- administrative services	(11,485)	(16,733)	5,248	-31.4%
- logistic services	(255)	(474)	219	-46.2%
- ICT services	(10,246)	(10,506)	260	-2.5%
- personnel recruitment	(66)	(16)	-50	312.5%
- financial infoproviders	(7,674)	(7,457)	-217	2.9%
- personal financial advisers' expenses	(16,878)	(17,825)	947	-5.3%
Commercial information and company searches	(445)	(562)	117	-20.8%
Telephone, swift and data transmission expenses	(4,019)	(3,281)	-738	22.5%
Postage expenses	(2,003)	(3,025)	1,022	-33.8%
Rental cost of buildings leased for personnel use	(119)	(143)	24	-16.8%
Rental cost on buildings	(15,425)	(16,484)	1,059	-6.4%
Facility maintenance	(187)	(188)	1	-0.5%
Facility surveillance	(113)	(40)	-73	182.5%
Facility cleaning	(27)	(30)	3	-10.0%
Utilities	(1,444)	(1,816)	372	-20.5%
Leasing of office machinery	(105)	(144)	39	-27.1%
Leasing of ICT machinery and software	(8,117)	(8,967)	850	-9.5%
Printing and stationery	(244)	(410)	166	-40.5%
ICT printing and stationery	(88)	(117)	29	-24.8%
Various office supplies	(142)	(184)	42	-22.8%
Various ICT office supplies	(613)	(167)	-446	267.1%
Maintenance of furniture, machinery and systems	(149)	(292)	143	-49.0%
Maintenance and repair of ICT equipment	(1,071)	(942)	-129	13.7%
Transport of valuables and documents	(317)	(806)	489	-60.7%
Travel expenses and vehicle hire costs	(30)	(25)	-5	20.0%
Insurance	(2,384)	(3,146)	762	-24.2%
Charity donations	(126)	(104)	-22	21.2%
Fees, dues and contributions to trade associations	(334)	(401)	67	-16.7%
Other expenses	(1,141)	(563)	-578	102.7%
Recovery of expenses - recovery of ancillary expenses	492	6,057	-5,565	-91.9%
Recovery of expenses - recovery of taxes	26,562	26,473	89	0.3%
Total	**(112,112)**	**(110,445)**	**-1,667**	**1.5%**

Income statement figures (Continued)

Value adjustments to intangible assets relate solely to the amortisation of the costs incurred for computer software with a long-term useful life and recorded a rise compared to 31 December 2009 due exclusively to the increase of amortisable assets.

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.

Gross profit from continuing operations

(Amounts in Euro/000)

GROSS PROFIT FROM CONTINUING OPERATIONS	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Gross operating profit	**108,219**	**89,975**	**18,244**	**20.3%**
Provisions for risks and charges	(18,061)	(8,360)	-9,701	116.0%
Merger expenses	-	(574)	574	-100.0%
Net adjustments to receivables	(1,759)	(6,732)	4,973	-73.9%
Net profit from investments	417	53	364	686.8%
Gross profit from continuing operations	**88,816**	**74,362**	**14,454**	**19.4%**

Provisions for risks and charges suffered from the higher provisions made for the Distribution network, relating mainly to the unlawful conduct of personal financial advisers.

Net adjustments to receivables are the result of specific writedowns net of any writebacks made to impaired loans relating to personal loans, credit card use and customer current accounts. The item also includes value adjustments of € 0.6 million made to current receivables associated with the provision of financial services.
It is worth noting that the assignment of non-performing loans to Aspra Finance S.p.A. in May 2009 has significantly reduced the amount of impaired loans, with a consequent reduction of value adjustments and writebacks recognised in the income statement.

Net profits from investments include the profits made on the sale of property, plant and equipment and the profit made following the sale of Visa Inc. class A shares described above.

Gross profit from continuing operations stood at € 89 million, an increase of 19% compared to 31 December 2009. The gross result from continuing operations is more than satisfactory considering the fact that the sharp fall in interest rates led to a significant reduction of the interest margin.

Income tax for the period

(Amounts in Euro/000)

TAXES	31.12.2010	31.12.2009	CHANGES ABSOLUTE	CHANGES %
Current IRES charges	(25,406)	(19,453)	-5,953	30.6%
Current IRAP charges	(11,570)	(9,091)	-2,479	27.3%
Total current taxes	**(36,976)**	**(28,544)**	**-8,432**	**29.5%**
Change in prepaid taxes	1,602	(1,385)	2,987	n.c.
Change in deferred taxes	(1,066)	(419)	-647	154.4%
Total deferred taxes	**536**	**(1,804)**	**2,340**	**n.c.**
Gain from substitute tax exemption	(495)	-	-495	n.c.
Substitute tax	-	(171)	171	-100.0%
Total taxes for the year	**(36,935)**	**(30,519)**	**-6,416**	**21.0%**

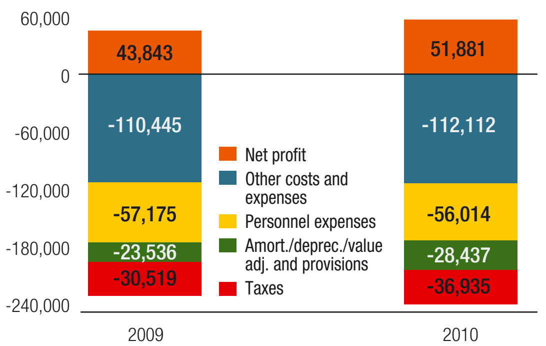
Current income taxes were calculated according to the legal provisions of Italian Legislative Decree no. 38 of 28 January 2005, issued after the implementation of the IAS/IFRS in the Italian legal system and of Decree no. 48 of 1 April 2009, which established provisions for the implementation and coordination of tax requirements for IAS Adopter parties.
Furthermore, the amount of taxes was influenced by the provisions set forth in Italian Law no. 244 of 24 December 2007 (2008 Finance Act) and Italian Law no. 133 of 6 August 2008.
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 as of 2010.
As per the instructions of the Parent Bank, the tax benefit expected from the future deductibility of off-the-book amortisation, corresponding to € 4.4 million, was recognised in the accounts.
A ninth 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 December 2003 -, which will be performed by the parent bank UniCredit S.p.A..

Net profit from continuing operations

Net profit amounted to around € 52 million, compared to € 44 million recorded in the same period of the previous year. Given the fall in the interest margin due to the fall in interest rates cited previously, it is worth noting how the bank’s ability to innovate, rationalise and render its operations efficient led an € 8 million rise in profits (+18.3%).

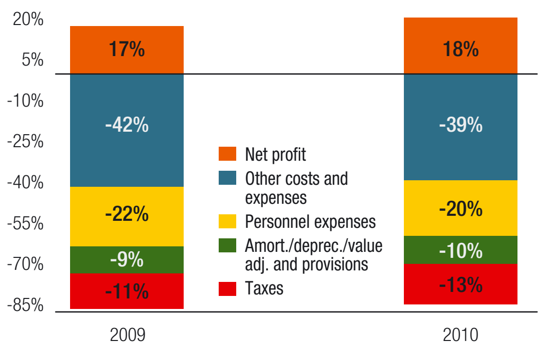
Absorption of the earnings margin:

(amounts in Euro/000)



Absorption of the earnings margin:

(% incidence)



Transactions with related parties

The following paragraphs provide information on transactions and service agreements with Group companies; for a more exhaustive illustration, please refer to the Notes to the Financial Statements - Part H - Transactions with related parties.

As part of the Bank's own business activities and in accordance with the Group's business model, the Bank has entered into a series of agreements for the distribution and/or recommendation of products to be offered to its customers, as well as outsourcing contracts for specific activities, as already described in previous directors' reports.

In particular, in 2010, with a view to optimising treasury management and in line with the Group's Liquidity Policy, the Bank granted and/or renewed loans to UniCredit S.p.A..

Since 2009, specific agreements between the Bank and Localmind S.p.A. have governed services rendered by the same (administration, personnel, corporate etc.).

In order to utilise a series of services to support the insurance brokerage activities performed by the Bank, at a meeting held on 27 April 2009, FinecoBank's Board of Directors - and those of the Group's other Italian banks - had resolved upon the purchase of a shareholding in UniCredit Bancassurance Management & Administration Scrl. Given the creation of internal departments that directly perform the above-cited activities, and in the light of the internal reorganisation of the UniCredit Group, the shareholding was transferred to UniCredit following a Board resolution dated 22 June 2010.
The transfer deed was finalised on 15 July 2010 for the same purchase value (€ 5.16).

As part of the series of projects associated with the Asset Gathering, Business Line, which encompasses FinecoBank, Dab Bank AG (DAB) and Direktanlage.at (DAT), in 2009, a collaboration project was launched with the objective of achieving significant synergies by improving the efficiency and optimising the Bank's resources and information systems. This project will enable DAB and DAT to extend the range of services offered to their customers.

Lastly, we hereby confirm that the Bank fully complies with art. 136 of Italian Legislative Decree no. 385 of 1 September 1993 and subsequent amendments (Consolidated Banking and Financing Act) regarding the obligations of representatives of credit institutions and of companies belonging to banking groups.

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 Group[4], Fineco has planned ambitious projects for 2011, 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 activities for the Group's entire EEC operations.

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.

4. 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 2010 comprising the Balance sheet, Income statement and the Notes to the 2010 Financial Statements, as well as the Directors' Report on Operations to your approval.

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

(Amounts in euro)

Net profit for the year	51,880,862.69
to legal reserve (5% of the profit for the year pursuant to art. 35 of the articles of association)	2,594,043.13
to the shareholder, allocating to the 606,274,033 shares, representing the entire share capital, a dividend per share of € 0.08	48,501,922.64
to charitable donations	400,000.00
to retained earnings	384,896.92

If the financial statements and the allocation of the profits for the year obtain your approval, the shareholders' equity as at 31 December 2010 will be as follows:

(Amounts in euro)

Share capital	200,070,430.89
Legal reserve	19,388,942.69
Share premium reserve	1,934,112.62
Retained earnings	93,727,077.51
Total	**315,120,563.71**

We also propose to pay the aforesaid dividend amount, in accordance with legal regulations, as of 13 April 2011.

Milan, 15 March 2011

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	31.12.2010	31.12.2009
Cash and cash equivalents = *item 10*	9	8
Financial assets held for trading = *item 20*	22,434	21,821
Receivables from banks = *item 60*	10,067,146	12,902,870
Receivables from customers = *item 70*	743,574	1,007,334
Financial investments	5,069	464
40. Available-for-sale financial assets	*5,069*	*464*
Hedges	81,164	115,781
80. Hedge derivatives	*50*	-
90. Value adjustment to financial assets subject to macro-hedging	*81,114*	*115,781*
Property, plant and equipment = *item 110*	9,126	9,222
Goodwill = *item 120. Intangible assets of which: goodwill*	89,602	89,602
Other intangible assets = *item 120 net of goodwill*	8,857	10,728
Tax assets = *item 130*	46,398	52,686
Non-current assets and discontinued operations = *item 140*	145	145
Other assets = *item 150*	175,933	195,574
Total assets	**11,249,457**	**14,406,235**

(Amounts in Euro/000)

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2010	31.12.2009
Payables to banks = *item 10*	424,461	1,564,539
Customer deposits and securities	10,107,232	12,084,944
20. Payables to customers	*10,107,232*	*12,084,944*
Financial liabilities held for trading = *item 40*	6,718	3,901
Hedges	79,943	114,640
60. Hedge derivatives	*79,943*	*114,640*
Provision for risks and charges = *item 120*	97,872	85,655
Tax liabilities = *item 80*	29,746	19,872
Other liabilities	139,496	180,578
100. Other liabilities	*136,302*	*177,257*
110. Staff severance fund	*3,194*	*3,321*
Shareholders' equity	363,989	352,106
- capital and reserves	312,141	308,106
160. Reserves	*110,137*	*106,102*
170. Share premiums	*1,934*	*1,934*
180. Share capital	*200,070*	*200,070*
- valuation reserves for available-for-sale financial assets	(33)	157
130. Valuation reserves of which: Available-for-sale financial assets	*(33)*	*157*
- net profit = *item 200*	51,881	43,843
Total liabilities and shareholders' equity	**11,249,457**	**14,406,235**

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

(Amounts in Euro/000)

INCOME STATEMENT	31.12.2010	31.12.2009
Net interest	99,721	105,979
30. Interest margin	*99,721*	*105,979*
Dividends and other income from equity investments	8	6
70. Dividends and similar income	*29*	*6*
less: dividends on equity securities held for trading included in item 70	*(21)*	-
Interest margin	**99,729**	**105,985**
Net commissions = item 60	161,673	145,451
60. Net commissions	*161,673*	*145,451*
Income from trading, hedges and fair value	27,342	17,078
80. Net income from trading activities	*27,321*	*17,078*
+ dividends on equity securities held for trading (from item 70)	*21*	-
Balance of other income/expense	(3,365)	(2,997)
190. Other operating income/expenses	*23,678*	*29,533*
100. Profit (Loss) from sale or repurchase of: a) receivables (from December 2010)	*11*	-
less: other operating income - of which: recovery of expenses	*(27,054)*	*(32,530)*
Income from brokerage and other income	**185,650**	**159,532**
EARNINGS MARGIN	**285,379**	**265,517**
Personnel expenses	(56,014)	(57,175)
150. Administrative expenses - a) personnel expenses	*(56,014)*	*(57,175)*
Other administrative expenses	(139,166)	(142,975)
150. Administrative expenses - b) other administrative expenses	(139,166)	(142,975)
Recovery of expenses	27,054	32,530
190. Other operating expenses/income - of which: recovery of expenses	*27,054*	*32,530*
Value adjustments to property, plant and equipment and intangible assets	(9,034)	(7,922)
170. Value adjustments/writebacks to property, plant and equipment	*(3,143)*	*(3,224)*
less: merger expenses	-	*3*
180. Value adjustments/writebacks to intangible assets	*(5,891)*	*(5,272)*
less: merger expenses	-	*571*
Operating costs	**(177,160)**	**(175,542)**
OPERATING PROFIT	**108,219**	**89,975**

Continued: Income statement (Amounts in Euro/000)

	31.12.2010	31.12.2009
Provisions for risks and charges	(18,061)	(8,360)
160. Net provisions for risks and charges	*(18,061)*	*(8,360)*
Merger expenses	-	(574)
Net adjustments to receivables and to provisions for guarantees and commitments	(1,759)	(6,732)
100. Profit (Loss) from sale or repurchase of: a) receivables (from December 2010 only "impaired")	-	*60*
130. Net adjustments/write-backs due to impairment of: a) receivables	*(1,759)*	*(4,262)*
130. Net adjustments/write-backs due to impairment of: d) other financial transactions	-	*(2,530)*
Net profit from investments	417	53
100. Profit (Loss) from sale or repurchase of: b) available-for-sale financial assets	*443*	*141*
130. Net value adjustments/writebacks for impairment of: b) available-for-sale financial assets	-	-
240. Profit (loss) from sale of investments	*(26)*	*(88)*
GROSS PROFIT FROM CONTINUING OPERATIONS	**88,816**	**74,362**
Income tax for the period	(36,935)	(30,519)
260. Income tax for the year on continuing operations	*(36,935)*	*(30,519)*
NET PROFIT FROM CONTINUING OPERATIONS	**51,881**	**43,843**
PROFIT (LOSS) FOR THE YEAR	**51,881**	**43,843**

Report of the Board of Statutory Auditors

Dear Shareholder.

Pursuant to art. 2429, paragraph 2, of the Italian Civil Code and art. 153 of 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 2010.

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 Board of Directors' meetings, which it has always 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.
On 2 August 2010, FinecoBank's Ordinary Shareholders' Meeting approved the Group's 2010 remuneration policy.
The Board notes that on 15 December 2010, on conclusion of the proceedings launched with the inspection conducted in the first half of 2009, CONSOB notified the Bank of its final decisions, applying administrative fines to several company representatives of FinecoBank. In this regard, the Board notes that in 2008, the Bank launched a review of the procedures to identify and report suspicious transactions - also acknowledged by the same Supervisory Authority - and is currently fully committed to concluding this project.
The Board also notes that on 13 December 2010, in order to comply with CONSOB regulation no. 17221 of 12 March 2010, the Bank, amongst other things, granted specific proxies for the application of transparency rules to related party transactions and for full compliance with the provisions of the above-cited CONSOB regulations as of 1 January 2011.
On 29 September 2010, the Bank approved the extraordinary assessment conducted by the same to verify the adequacy of the internal control system in terms of the content of the Bank of Italy circular dated 20 April 2010, and sent the information required by said Supervisory Authority to the same, together with an independent assessment of the Board of Statutory Auditors.

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.
In particular, in 2010, 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.
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.
In this regard, on 8 November 2010, the Bank adopted the Group Shareholding Process Regulation, a policy that also regards compliance relating to belonging to the UniCredit banking group as per art. 136 of the Consolidated Banking Act.
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 to mitigate the relative risks.
The Board acknowledged the preparation, at the beginning of 2010, of the "Test Plan" - subsequently carried out successfully - the aim of which was 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. During its assessment, the Board verified compliance with the Audit plan - in terms of both central structures and processes as well as Network structures - previously 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 reports specifically drawn up for the Board of Directors and the Board of Statutory auditors. The Board - in assessing the adequacy and proper functioning of the internal control system - expresses a positive opinion on the internal audit activity carried out for the Bank.
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. During its assessment, the Board met the Head of the "C.R.O." Area to evaluate, among other things, its operations and to examine the quarterly reports prepared by the same. The Board expresses a positive opinion on the activity performed by the Head of the Chief Risk Office Area.
As part of its assessment, the Board met frequently with the Bank's Compliance Manager - a service 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) reports for the completion of corrective actions identified on each occasion.
In particular, the Board assessed compliance with money laundering and counter-terrorism legislation, the process relating to the award to a Single Group Delegate of specific authorisation regarding suspicious transactions and the relative plan of corrective measures identified.
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.
The Board of Statutory Auditors also took part in meetings of the Supervisory Body set up pursuant to Legislative Decree no. 231 of 2001 and to this end, acknowledged the amendment made to the Bank's Organisation and Management Model in line with that of UniCredit S.p.A., and to the relative Decision protocols, and retains the assessments and the indications of the Supervisory Authority appropriate and adequate.
The Board assessed compliance with current legislation on occupational health and safety.

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 2010 have been drawn up in accordance with the International Accounting Standards (IAS/IFRS) approved by the European Commission as established by Community Regulation no. 1606 of 19 July 2002 and with the 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 Notes to the Financial Statements and the Report on Operations contain notes and indications that also seek to pursue the level of transparency recommended by the Bank of Italy, Consob and ISVAP document no. 4 dated 3 March 2010 regarding the application of IAS/IFRS.
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; based on the information available they appear to be at arms' length.
The Board also notes that on 13 December 2010, in order to comply with CONSOB regulation no. 17221 of 12 March 2010, the Bank, amongst other things, granted specific proxies for the application of transparency rules to related party transactions and for full compliance with the provisions of the above-cited CONSOB regulations as of 1 January 2011.
No atypical and/or unusual transactions are reported.

Relations with the Independent Auditors.
In accordance with art. 150, paragraph 3, of Italian Legislative Decree no. 58/98, 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 Legislative Decree no. 58/98.

Report of the Board of Statutory Auditors (Continued)

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 or auditing are correctly reported, limited to the interim report.
The Board also acknowledges that it has received written confirmation, pursuant to art. 17 of Italian Legislative Decree no. 39/2010, of its independence in the period between 1 January 2010 and 21 March 2011 and confirmation that it has not provided the Bank with auditing services, even through companies belonging to its Group, in the same period.

Complaints pursuant to art. 2408 of the Italian Civil Code - Reports

In 2010 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.

Meetings held by the Shareholders, the Board of Directors, the Audit Committee and the Supervisory Body

In 2009, the Board of Statutory Auditors in office attended 3 Shareholders' meetings, 11 Board of Directors' meetings and 8 Audit Committee's meetings.
The Board of Statutory auditors met 22 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.
The Chairman of the Board took part in meetings of the Supervisory Body set up pursuant to Legislative Decree no. 231 of 2001.

Conclusions

The Board, based on the supervisory activity performed, can reasonably assure 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 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 2010 and the Directors' Report on Operations by the legal deadline, having acknowledged the results stated in the same, the existence of the mandatory content in the report on operations and of the specific independent and advance approval of the Management Body of the impairment procedure relating to goodwill recognised in said financial statements, 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, 28 March 2011

Noris Gian-Carlo Gaccioli, *Chairman*
Aldo Milanese, *Statutory Auditor*
Gabriele Villa, *Statutory Auditor*

Independent Auditors' Report

KPMG S.p.A.
Independent Auditors' report
Via Vittor Pisani, 25
20124 MILAN, ITALY

Tel. +39 02 6763.1
Fax. +39 02 67632445
e-mail: it-fmauditaly@kpmg.it

Independent Auditors' report pursuant to articles 14 and 16 of Italian Legislative Decree no. 39 of 27 January 2010 and article 165 of Italian 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 31 December 2010, which comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the Notes to the Financial Statements. The Board of Directors of FinecoBank Banca Fineco S.p.A. is responsible for the preparation of the Financial Statements in compliance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued in implementation of article 9 of Italian Legislative Decree no. 38/05. We are responsible for the professional opinion issued on the Financial Statements on the basis of the audit thereof.

2. Our examination was conducted in accordance with the auditing principles and criteria recommended by Consob. In compliance with said principles and criteria, we planned and conducted our audit with the aim of acquiring all information required to determine whether the financial statements contained significant errors and whether they may be considered generally reliable. Our auditing procedure includes spot checks to examine probative elements that support the balances and information disclosed in the financial statements, as well as an assessment of the adequacy and accuracy of the accounting standards employed and the reasonable nature of the estimates made by the Directors. It is our opinion that our work provides a reasonable basis on which to express a professional judgment.
   As regards the assessment of the Financial Statements for the previous year, whose figures included for comparative purposes, reference should be made to the report we issued dated 30 March 2010.

3. In our opinion, the Financial Statements of FinecoBank Banca Fineco S.p.A. as at 31 December 2010 comply with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued in implementation of article 9 of Italian Legislative Decree no. 38/05. As a consequence, said Financial Statements have been prepared in a clear manner and represent a truthful and accurate picture of the capital and financial situation, income, and cash flows of FinecoBank Banca Fineco S.p.A. for the year ended on said date.

4. Responsibility for preparing the Report on Operations in compliance with legislative and regulatory provisions rests with the directors of FinecoBank Banca Fineco S.p.A.. Our responsibility is to express our opinion on the consistency of the report on operations with the Financial Statements, as required by Law. Accordingly, we conducted the audit procedures laud down in audit principle no. 001 issued by the Italian Council of Chartered and Registered Accountants and recommended by Consob. It is our opinion that the Report on Operations is consistent with the Financial Statements of FinecoBank Banca Fineco S.p.A. as at 31 December 2010.

Milan, 28 March 2011

KPMG S.p.A.

Roberto Spiller
Partner

For whatever life brings

Bank Financial Statements

Balance Sheet

ASSET ITEMS	31.12.2010	31.12.2009
10. Cash and cash equivalents	9,226	7,677
20. Financial assets held for trading	22,434,014	21,821,072
40. Available-for-sale financial assets	5,068,757	463,891
60. Receivables from banks	10,067,145,818	12,902,870,281
70. Receivables from customers	743,573,613	1,007,334,477
80. Hedge derivatives	49,715	-
90. Value adjustment to financial assets subject to macro-hedging (+/-)	81,113,769	115,781,203
110. Property, plant and equipment	9,126,351	9,221,802
120. Intangible assets	98,459,213	100,330,438
of which		
- goodwill	*89,601,768*	*89,601,768*
130. Tax assets	46,398,357	52,686,179
a) current	*3,960,992*	*11,141,448*
b) prepaid	*42,437,365*	*41,544,731*
140. Non-current assets and discontinued operations	144,608	144,608
150. Other assets	175,933,245	195,573,385
Total assets	**11,249,456,686**	**14,406,235,013**

LIABILITIES AND SHAREHOLDERS' EQUITY ITEMS	31.12.2010	31.12.2009
10. Payables to banks	424,460,766	1,564,539,104
20. Payables to customers	10,107,232,313	12,084,943,909
40. Financial liabilities held for trading	6,717,740	3,901,050
60. Hedge derivatives	79,942,820	114,639,631
80. Tax liabilities	29,746,387	19,871,863
a) current	*13,207,085*	*4,352,724*
b) deferred	*16,539,302*	*15,519,139*
100. Other liabilities	136,302,029	177,256,893
110. Employee Severance Fund	3,193,506	3,321,096
120. Provisions for risks and charges:	97,871,838	85,655,189
b) other provisions	*97,871,838*	*85,655,189*
130. Valuation reserves	(33,200)	156,842
160. Reserves	110,137,080	106,101,969
170. Share premiums	1,934,113	1,934,113
180. Share capital	200,070,431	200,070,431
200. Profit (Loss) for the year	51,880,863	43,842,923
Total liabilities and shareholders' equity	**11,249,456,686**	**14,406,235,013**

Income statement

INCOME STATEMENT	31.12.2010	31.12.2009
10. Interest income and similar income	184,430,109	342,359,664
20. Interest expense and similar expense	(84,708,737)	(236,380,203)
30. Interest margin	**99,721,372**	**105,979,461**
40. Commission income	317,141,132	295,669,082
50. Commission expense	(155,468,267)	(150,217,803)
60. Net commissions	**161,672,865**	**145,451,279**
70. Dividends and similar income	28,746	6,624
80. Net income from trading activities	27,321,105	17,078,025
100. Profit (loss) from disposal or repurchase of:	453,844	200,488
a) receivables	*11,045*	*59,743*
b) available-for-sale financial assets	*442,799*	*140,745*
120. Earnings margin	**289,197,932**	**268,715,877**
130. Net adjustments/write-backs due to impairment of:	(1,759,411)	(6,792,205)
a) receivables	*(1,759,411)*	*(4,262,405)*
d) other financial transactions	-	*(2,529,800)*
140. Net income from financial operations	**287,438,521**	**261,923,672**
150. Administrative expenses	(195,179,862)	(200,150,682)
a) personnel expenses	*(56,014,092)*	*(57,175,237)*
b) other administrative expenses	*(139,165,770)*	*(142,975,445)*
160. Net provisions for risks and charges	(18,060,812)	(8,359,911)
170. Net value adjustments/write-backs to property, plant and equipment	(3,142,302)	(3,224,519)
180. Net value adjustments/write-backs to intangible assets	(5,891,218)	(5,271,530)
190. Other operating income/expense	23,677,525	29,532,853
200. Operating costs	**(198,596,669)**	**(187,473,789)**
240. Profit (Loss) from sale of investments	(25,851)	(88,099)
250. Profit (Loss) from continuing operations before tax	**88,816,001**	**74,361,784**
260. Income tax for the year on continuing operations	(36,935,138)	(30,518,861)
270. Profit (Loss) from continuing operations net of tax	**51,880,863**	**43,842,923**
290. Profit (Loss) for the year	**51,880,863**	**43,842,923**

Statement of Comprehensive income

	31.12.2010	31.12.2009
10. Profit (Loss) for the year	**51,880,863**	**43,842,923**
Other income components net of tax:		
20. Available-for-sale financial assets	(190,042)	171,505
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 income components net of tax	**(190,042)**	**171,505**
120. Comprehensive income (item 10+110)	**51,690,821**	**44,014,428**

Statement of changes in shareholders' equity

Statement of changes in shareholders' equity at 31.12.2010

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE YEAR								
							TRANSACTIONS ON SHAREHOLDERS' EQUITY							
	BALANCE AS AT 31.12.2009	ADJUSTMENT TO OPENING BALANCES	BALANCE AS AT 01.01.2010	RESERVES	DIVIDENDS AND OTHER DISTRIBUTIONS	CHANGES IN RESERVES	ISSUES OF NEW SHARES	PURCHASE OF OWN SHARES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON OWN SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME AS AT 31.12.10	SHAREHOLDERS' EQUITY AT 31.12.10
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) profit	106,101,969		106,101,969	4,035,111										110,137,080
b) other														
Valuation reserves:														
a) available for sale	156,842		156,842										(190,042)	(33,200)
b) cash flow hedges														
c) other														
Equity instruments														
Own shares														
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 changes in shareholders' equity at 31.12.2009

				ALLOCATION OF PROFIT FROM PREVIOUS YEAR		CHANGES DURING THE YEAR								
							TRANSACTIONS ON SHAREHOLDERS' EQUITY							
	BALANCE AS AT 31.12.2008	ADJUSTMENT TO OPENING BALANCES	BALANCE AS AT 01.01.2009	RESERVES	DIVIDENDS AND OTHER DISTRIBUTIONS	CHANGES IN RESERVES	ISSUES OF NEW SHARES	PURCHASE OF OWN SHARES	EXTRAORDINARY DISTRIBUTION OF DIVIDENDS	CHANGES IN EQUITY INSTRUMENTS	DERIVATIVES ON OWN SHARES	STOCK OPTIONS	COMPREHENSIVE INCOME AS AT 31.12.09	SHAREHOLDERS' EQUITY AT 31.12.09
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) profit	91,310,429		91,310,429	18,581,492		(3,789,952)								106,101,969
b) other														
Valuation reserves:														
a) available for sale	(14,663)		(14,663)										171,505	156,842
b) cash flow hedges														
c) other														
Equity instruments														
Own shares														
Profit (Loss) for the period	91,834,376		91,834,376	(18,581,492)	(73,252,884)								43,842,923	43,842,923
Shareholders' equity	**385,134,686**	**-**	**385,134,686**	**-**	**(73,252,884)**	**(3,789,952)**	**-**	**-**	**-**	**-**	**-**	**-**	**44,014,428**	**352,106,278**

Statement of cash flow

Indirect method

	31.12.2010	31.12.2009
A. OPERATING ACTIVITIES		
1. Operations	**102,450,497**	**118,917,914**
- net profit for the year	51,880,863	43,842,923
- capital gains/losses on financial assets held for trading and on assets/liabilities measured at fair value	276,732	(214,886)
- capital gains/losses on hedging activities	-	-
- net adjustments/writebacks due to impairment	2,124,057	8,132,362
- net adjustments/write-backs to property, plant and equipment and intangible assets	9,033,520	8,496,049
- net provisions for risks and charges and other costs/revenue	19,866,421	8,594,465
- unpaid taxes	9,942,522	(4,185,332)
- other adjustments	9,326,382	54,252,333
2. Cash flows from/used in financial assets	**2,513,617,515**	**687,259,090**
- financial assets held for trading	5,712,672	(4,304,626)
- available-for-sale financial assets	(4,750,788)	129,798
- receivables from banks: other receivables	2,224,435,260	321,321,110
- receivables from customers	261,735,753	207,383,350
- other assets	26,484,618	162,729,458
3. Cash flows from/used in financial liabilities	**(2,189,654,792)**	**(1,077,142,036)**
- payables to banks: other payables	(164,749,312)	(316,701,328)
- payables to customers	(1,972,360,929)	(541,416,602)
- financial liabilities held for trading	(3,777,267)	(102,967,042)
- other liabilities	(48,767,284)	(116,057,064)
Net cash flows from/used in operating activities	**426,413,220**	**(270,965,032)**
B. INVESTMENT ACTIVITIES		
1. Cash flows from		
- sales of property, plant and equipment	1,230	32,079
2. Cash flows used in		
- purchases of property, plant and equipment	(3,088,731)	(1,991,260)
- purchases of intangible assets	(4,043,674)	(6,575,947)
Net cash flows from/used in investing activities	**(7,131,175)**	**(8,535,128)**
C. FINANCING ACTIVITIES		
- dividends and other distributions	(39,807,812)	(78,507,422)
Net cash flows from/used in financing activities	**(39,807,812)**	**(78,507,422)**
NET CASH FLOWS FROM/USED DURING THE YEAR	**379,474,233**	**(358,007,582)**
RECONCILIATION		
Balance sheet items		
Cash and cash equivalents at the beginning of the year	5,701,968,016	6,059,975,598
Total cash flows from/used during the year	379,474,233	(358,007,582)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	6,081,442,249	5,701,968,016

The term “cash and cash equivalents” means cash recorded under item 10 of assets “cash and cash equivalents” and the cash equivalents represented by short-term financial investments and other cash recorded under item 60 of assets “Receivables from Banks” and item 10 of liabilities “Payables to Banks”.

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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

The financial statements as at 31 December 2010 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 2010 (see also Section 5 - 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 in its Circular no. 262 of 22 December 2005 (1st update 18 November 2009).

Section 2 - General principles of preparation

As stated earlier on, the 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 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 Cash Flow Statement (calculated on the basis of the "indirect" method), the Notes to the Financial Statements, and is supported by the Directors' Report on Operations.

Documents are drawn up in 1 Euro units, with the exception of the Notes to the Financial Statements and the Report on Operations, which are drawn up in thousands of Euro.

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. 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 most important items recorded in the financial statements as at 31 December 2010, 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 2010. The valuation process was particularly complex given the continuation of the macroeconomic and market scenario characterised, on one hand by the volatility of the financial parameters used for valuation purposes and on the other by the deterioration of credit quality.

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:
- establishing fair value;
- receivables;

• the employee severance fund and other benefits due to employees;
• provisions for risks and charges;
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 2010.

Section 4 - Other aspects

Over the course of 2010, the following international accounting standards and interpretations came into force:
• Improvements to International Financial Reporting Standards (EC Reg. 70/2009) (only for changes to IFRS 1 and IFRS 5);
• IAS 27: Consolidated and separate financial statements (EC Reg. 494/2009);
• IFRS 1: First time adoption of International Financial Reporting Standards (EC Reg. 1136/2009);
• Changes to IFRS 1: Additional exemptions for entities that adopt IFRS for the first time (EC Reg. 550/2010);
• IFRS 3: Business combinations (EC Reg. 495/2009);
• IFRIC 12: Service concession arrangements (EC Reg 254/2009);
• IFRIC 15: Agreements for the construction of real estate (EC Reg 636/2009);
• IFRIC 16: Hedges of a net investment in a foreign operation (EC Reg. 460/2009);
• IFRIC 17: Distributions of non-cash assets to owners (EC Reg. 1142/2009);
• IFRIC 18: Transfers of assets from customers (EC Reg. 1164/2009);
• Changes to IAS 39 Recognition and measurement - Elements that qualify for hedging (EC Reg. 839/2009);
• Improvements to IFRS (EC Reg. 243/2010);
• Changes to IFRS 2: Share-based payments (EC Reg. 244/2010), providing clarification as regards group cash-settled share-based payment transactions, as set forth in the IAS document issued in June 2009, simultaneous to the suppression of IFRIC 8 and IFRIC 11.

Note that the new standard IFRS 3: Business combinations, introduces the option of measuring minority interest at fair value, therefore resulting in the recognition of the entire goodwill of the business acquired.

Furthermore, the standard:
• envisages that, in the case of the acquisition of control through the purchase at subsequent stages of interest in the company, the same must be measured at fair value on the date of acquisition of control, recording the measurement differences in the income statement;
• states that the transaction costs incurred for the business combination operations must be booked to the income statement;
• provides more clarification on the topic of measurement, on the acquisition date, of the assets and liabilities acquired;
• introduces the obligation of measuring at fair value any amounts that the buyer pays the seller in the event of specific circumstances subsequent to the acquisition date.

In line with the review process of IFRS 3, the IASB also amended IAS 27, stating, inter alia, that:
• purchases of minority equity investments or the sale of shares held that does not lead to a loss of control of the associate must be recognised under shareholders' equity;
• in the event of the loss of control of a subsidiary, the seller must measure any remaining investment at fair value and record the differences in the income statement.

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.

The above-mentioned changes to IFRS 3 and IAS 27 will be applied to future transactions of this nature.

The European Commission has also assimilated the following accounting standards whose effective date falls after 31 December 2010, for which the Bank has not utilised the faculty of early application:
• Changes to IAS 32: Financial instruments - Presentation in the financial statements - Classification of issue rights (EC Reg. 1293/2009);
• Changes to IFRS 1: Limited exemption from the comparative information envisaged by IFRS 7 for first-time adopters and consequent changes to IFRS 7 "Financial instruments: disclosures" (EC Reg. 574/2010);
• Revision of IAS 24 - Related party disclosures (EC Reg. 632/2010);
• Changes to IFRIC 14 - Advance payments relating to a minimum funding requirement (EC Reg. 633/2010);
• IFRIC 19: Extinguishing financial liabilities with equity instruments (EC Reg. 662/2010).

Part A - Accounting policies (Continued)

Lastly, as at 31 December 2010, the IASB had issued the following accounting standards and interpretations or revisions of the same:
- IFRS 9: Financial Instruments (November 2009);
- Improvements to IFRS (May 2010);
- Changes to IFRS 7 - Financial instruments - disclosure (October 2010).

The application of said standards by the Bank is, however, conditional on their assimilation by the European Union.

Following clarification from the Bank of Italy, as of financial year 2010, expenses relating to costs for courses attended by employees and the costs of food and accommodation for employees on temporary work assignments are recognised under item 150 a) Personnel expenses. To ensure a correct comparison, in the 2009 income statement, € 804 thousand from item 150 b) Other administrative expenses has been reclassified under item 150 a) Personnel expenses.

Lastly, on 18 May 2010, the Bank of Italy issued new provisions on the treatment, for the purpose of calculating regulatory capital (prudential filters), of 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. For a description of the types of treatment permitted and the option chosen by the Bank, please refer to Part F - Information on shareholders' equity.

The 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 15 March 2011, 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 2010. 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 18, 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 valued at fair value and the effects of the application of this valuation criterion are booked in the income statement. Instead, capital instruments (shares) that are not listed in an active market, whose fair value cannot be determined reliably, and the related derivatives that are settled on delivery of the shares, are valued at cost.

In the case of trading assets maintained at cost, should there be objective evidence that the same are impaired, said assets are reduced by the amount of the loss - booked to the income statement - measured as the difference between the book value of the asset and the present value of estimated future cash flows. If said losses cease to exist, a writeback to the original value is not permitted.

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 or "technical overdrafts" in securities, 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; and
- 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, held-to-maturity financial assets, assets designated 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 controlling interests or significant investments in associates.

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 and less any commissions.
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 and, as said earlier on, the interest amount is recorded 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 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) "Profits (losses) 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. The Bank adopted the above option for the calculation of regulatory capital as of June 2010 (see also Part F - Information on shareholders' equity).

Capital 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 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.

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.

Part A - Accounting policies (Continued)

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 (purchase cost 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 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.
Impairment losses with respect to equities, recognised in the income statement, are not subsequently written back to the income statement but to shareholders' equity, even if the reasons that led to the recording of a writedown no longer exist.

3 - Held-to-maturity financial assets

Investments held to maturity 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) "Profits (losses) 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 for impairment of held-to-maturity financial assets".

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 writeback is recorded under the same income statement item.
At the balance sheet date the Bank did not hold any financial assets classified as "Held-to-maturity financial assets".

4 - Receivables

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 with similar characteristics, or reclassified to a different portfolio according to the provisions of IAS 39.

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), said receivables are valued at amortised cost using the effective interest rate method.

Gains (losses) on receivables, where not hedged, are recorded in the income statement:
- when the financial asset in question is derecognised, under item 100.a) "Gains (losses) from assignment 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 revenue” on an accrual basis.
Late-payment interest is recognised in the income statement upon collection.

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.
Both in the first year in which IAS/IFRS were applied (2005) and subsequently, where it was 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 reasonable forecasts, based on the historical experience of the recoveries observed by similar classes of receivables, taking account of the technical form, the type of collateral and any other factors deemed relevant.
Receivables are subject to verification aimed at identifying those which, following events subsequent to their recognition, show objective evidence of possible impairment loss. These problem loans are periodically reviewed and analysed, at least once a year. 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 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 quality of the impaired receivable improve, and should there be reasonable certainty of timely recovery of the principal and interest, in accordance with the original contractual terms, 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 completely eliminated when it is considered unrecoverable or is written off in its entirety. Eliminations are directly recorded under item 130.a) “Net adjustments 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 written down are recorded under the same item.

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

Part A - Accounting policies (CONTINUED)

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.
Expired exposures are valued on a lump-sum basis using historical/statistical data.

Collective valuation regards assets portfolios which, although no individual, objective loss items have been identified, can be attributed a latent, measurable loss, 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 type of collateral or other significant factors, is associated with a "Probability of Default" and a "Loss Given Default", homogeneous 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 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 assessment is therefore calculated using estimated and lump-sum values extracted from internal historical series and sector research.

Unsecured loans to residents in Countries with difficulty in repaying debt are generally measured on a lump-sum basis, in order to allocate the relative latent loss on the basis of shared parameters.

Writedowns for losses on receivables are recorded as a reduction to the book value of the same, whilst 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 for impairment of other financial transactions", with balancing entry under item 120.b) "Provisions for risks and charges" 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").

Both assets and liabilities are valued at amortised cost and the related interest is recognised in the income statement.

5 - Financial assets measured at fair value

Any financial asset may be measured 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 hedges.

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".

At the balance sheet date the Bank did not hold any financial assets classified as "Financial assets measured 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, 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.

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. "Profits (losses) from sale or repurchase";
- in the case of **cash flow hedges**, the derivative hedging instruments are valued at their current value. The change in the fair value of the hedging instrument that is considered effective is recorded under item 140. of shareholders' equity "Valuation reserves". The ineffective part of the hedge, instead, is recognised 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 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;
- 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 effective part of the change in value of the hedging instrument is recorded directly under item 130. "Valuation reserves" and shown in the statement of changes in shareholders' equity;
  - the ineffective part of the hedging instrument, instead, is recognised in the income statement under item 90. "Net income from hedging activities" of the income statement.

  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 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 is recorded under item 80. of assets or 60. of liabilities, as a balancing entry to item 90. "Net income from hedging activities" of the income statement.

The 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 100. "Profit (loss) on sale or repurchase" in the income statement.

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

Part A - Accounting policies (Continued)

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. 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. "Profit/loss from equity 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 disposal groups” and item 90. “Liabilities associated with discontinued operations” (see chapter 10), are classified as Available-for-sale financial assets or as Financial assets designated at fair value and treated accordingly (see chapter 2 and 5).

8 - Property, plant and equipment

The item includes:
• land;
• buildings;
• furniture and fittings;
• plant and machinery;
• other machines and equipment;
• improvements to third-party assets;

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”.

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.

All 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 recognised 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 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). The base value to be depreciated is the cost of the assets since the residual value at the end of the depreciation process is considered insignificant.
Property, plant and equipment with an unlimited useful life or those whose residual value is equal to or greater than the book value of the assets 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 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 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 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 that are identifiable, although not physically tangible, controlled by the Bank 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.

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 and the book value is recognised in the income statement under item 240. “Profit (Loss) from disposal of investments”.

Goodwill

Goodwill is represented by the excess of acquisition cost over net fair value, as at the purchase date, of balance sheet assets and liabilities acquired.

Goodwill is recognised in the balance sheet at cost, 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 assets/liabilities, 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.

11 - Current and deferred taxation

Income taxes, calculated in accordance with national tax legislation, are recorded as a cost during the same economic period as the profits that originated them.

A prepaid tax asset (item 130.b)) is recorded for all temporary deductible differences if it is considered probable that taxable income will be created in the future, against which said asset may be applied. The deferred tax asset is not recognised if it originates from the initial recognition of an asset/liability associated with a transaction that:
• is not a business combination transaction; and
• at the moment of the transaction does not impact the profit recorded or the taxable income (tax loss).

A deferred tax liability (item 80.b)) is recognised for all taxable temporary differences except for cases where the difference is attributable to:
• the initial recognition of goodwill; or
• the initial recognition of an asset or liability in a transaction that:
  1) is not a business combination transaction; and
  2) at the time of the transaction does not impact the profit recorded or the taxable income (tax loss).
  Deferred tax assets and liabilities are determined using tax rates which 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 regulations in force or effective at the time of their recognition.

A deferred tax liability is recorded for all temporary taxable differences arising from investments in subsidiaries, or associated companies and interests in joint ventures. No deferred tax liabilities are recognised if both of the two conditions set out below are satisfied:
• the Parent Bank, the investor or the partner in the joint venture can control the timing of the reversal of the temporary differences; and
• it is probable that the temporary difference will not reverse in the foreseeable future.

The deferred tax asset for all taxable temporary differences arising from financial investments in subsidiaries, branches and associated companies, and interests in joint ventures is recognised only to the extent that it is probable that:
• the temporary difference will reverse in the foreseeable future; and
• sufficient taxable profit will be available against which that temporary difference can be utilised.

Deferred tax assets and liabilities are offset when they are due to the same tax authority and when the right to offsetting is recognised by the law.

Current and deferred taxes are recognised in the income statement under item 260. "Income taxes 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 Valuation reserves less the related tax effect.

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;

Part A - Accounting policies (CONTINUED)

- 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. This type of benefit does not involve any risk for the disbursing party, as there is no legal or implicit obligation to pay additional contributions if the fund does not contain sufficient assets to pay benefits to all employees. Consequently, the actuarial risk and investment risk fall upon the 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 accounted for as a liability under item 120.a) 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.

No liability is recorded if these conditions are not satisfied.

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, the amount of the allocation is calculated as the present value of the cost expected to settle the obligation. In this case, the discounting rate used, before taxes, reflects the current market valuations of the present value of money and the specific risks connected to the liability.

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 agents' termination entitlement provision, 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 valued 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. “Capital 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.

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) “Profits (losses) 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 (see glossary in the appendices) , 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, issued by the IASB, but not yet assimilated by the European Union, 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 valued 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 measured at fair value

Financial liabilities, like financial assets, may be designated, upon initial recognition, as financial liabilities measured at fair value, provided that:

- said designation eliminates or significantly reduces a lack of uniformity 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 rate 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.

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:
- the portion of the profit or of the loss of the hedge instrument that represents an effective hedge is recognised immediately in the valuation reserves;
- the ineffective portion is recorded instead in the income statement under item 90. "Net income from hedging activities".

All of the exchange rate 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 merger of distinct companies or 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 Bank (acquiree) and the subsidiary (acquired). A business combination may also involve the acquisition of the net assets of another company, including any goodwill, or purchase of the capital of another company (mergers and transfers).
Based on the provisions of IFRS 3, business combinations must be accounted for by 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, plus any cost directly attributable to the business combination.

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 business combination is the total costs of the individual transactions; and
- the exchange date is the date of each exchange transaction (i.e. the date on which each investment is recorded in the accounts of the acquirer), while the acquisition date is the date in which effective control of the acquiree is obtained.

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 at the acquisition date.

The assets, liabilities and identifiable potential liabilities of the acquiree are recorded separately at the acquisition date only if, at said date, they satisfy the following criteria:
- in the case of an asset other than an intangible asset, it is likely that the related future economic benefits will be received by the acquirer and the fair value can be reliably determined;
- in the case of a liability other than a potential liability, it is likely that the use of resources to produce economic benefits will be required in order to settle the obligation and the fair value can be reliably determined;
- in the event of an intangible asset or potential liability, the relative fair value can be reliably estimated.

The positive difference between the cost of the business combination and the acquirer's interest in the net 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 valued at cost, and 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.

Derecognition

Derecognition is the elimination of a previously recognised financial asset or liability 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 a different counterparty.

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 (passthrough agreement):

- the Bank has 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;
- the Bank must assign all cash flows it collects without delay and may not invest them, 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.

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.

Own shares

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

Repurchase agreements

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 in and/or derecognised from the balance sheet. As a result, in the case a security acquired with an agreement to resell, the amount paid is recognised as a customer or bank receivable, or as financial assets held for trading; in the case of a security sold with an agreement to repurchase, the liability is recognised a payable to customers or banks, or as financial liabilities held for trading. 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.

Employee Severance Fund

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 required 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

Part A - Accounting policies (Continued)

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 the 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 180.a) "Administrative expenses: personnel expenses" and include the interest accrued in the year (interest cost) on the bond 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 payments

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 given and similar credit derivatives

Upon initial recognition, the value of guarantees given corresponds to their fair value, which usually corresponds to the amount received at the time of issue of the guarantee.
Guarantees given and similar credit derivatives pursuant to IAS 39 (i.e. contracts which provide that the issuer makes fixed payments to compensate the insured of an actual loss suffered due to a default by a specific debtor at the maturity date of a debt instrument), and the subsequent impairment losses are recognised in item 100. "Other liabilities".
After initial recognition, guarantees given are measured at the higher of the amount recognised initially, net of any amortisation, and the estimate of the amount required to fulfil said obligations.
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, held-to-maturity financial assets, 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.

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.

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

IAS/IFRS-RELEVANT 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 impairment or irrecoverability.

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;

Part A - Accounting policies (CONTINUED)

- 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 held-to-maturity financial assets (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.

Writebacks

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 Information on Fair Value

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.

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.

A.3.1 Transfers between portfolios

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

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

Part A - Accounting policies (Continued)

A.3.2 Fair value hierarchy

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.

In 2010, the following transfers were made:
- the sum of € 4,791 thousand from Level 1 to Level 3, relating to financial instruments underlying insurance policies, which the Bank retained as more appropriately classified as Level 3. In 2010, said instruments were sold and/or reimbursed for a total of € 4,705 thousand;
- the sum of around € 280 thousand from Level 1 to Level 2, relating to certificates exchanged on the Bank's internaliser (Fineco IS) and valued by means of market variables and/or comparables.

A.3.2.1 Accounting portfolios: Breakdown by fair value level

(Amounts in Euro/000)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	31.12.2010 LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	17,926	4,421	87
2. Financial assets measured at fair value	-	-	-
3. Available-for-sale financial assets	5,056	-	13
4. Hedge derivatives	-	50	-
Total	**22,982**	**4,471**	**100**
1. Financial liabilities held for trading	3,311	3,406	1
2. Financial liabilities measured at fair value	-	-	-
3. Hedge derivatives	-	79,943	-
Total	**3,311**	**83,349**	**1**

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	31.12.2009 LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	18,426	3,392	3
2. Financial assets measured at fair value	-	-	-
3. Available-for-sale financial assets	-	451	13
4. Hedge derivatives	-	-	-
Total	**18,426**	**3,843**	**16**
1. Financial liabilities held for trading	804	3,097	-
2. Financial liabilities measured at fair value	-	-	-
3. Hedge derivatives	-	114,640	-
Total	**804**	**117,737**	**-**

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

(Amounts in Euro/000)

	FINANCIAL ASSETS			
	HELD FOR TRADING	MEASURED AT FAIR VALUE	AVAILABLE FOR SALE	HEDGES
1. Opening balance	**3**	**-**	**13**	**-**
2. Increases				
2.1 Purchases	23,806	-	-	-
2.2 Profits recorded in:	-	-	-	-
2.2.1 Income Statement	536	-	-	-
- of which capital gains	1	-	-	-
2.2.2 Shareholders' equity			-	-
2.3 Transfers from other levels	4,832	-	-	-
2.4 Other increases	-	-	-	-
3. Decreases				
3.1 Sales	(18,723)	-	-	-
3.2 Redemptions	(10,326)	-	-	-
3.3 Losses recorded in:				
3.3.1 Income Statement	(33)	-	-	-
- of which capital losses	(13)	-	-	-
3.3.2 Shareholders' equity			-	-
3.4 Transfers to other levels	-	-	-	-
3.5 Other decreases	(8)	-	-	-
4. Closing balance	**87**	**-**	**13**	**-**

Point 2.3 “Transfer from other levels” mainly regards financial instruments underlying insurance policies, classified as at 31 December 2009 as Level 1, which FinecoBank retained as more appropriately classified as Level 3.

A.3.2.3 Annual changes of financial liabilities measured at fair value (level 3)

(Amounts in Euro/000)

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

A.3.3 Disclosures on so-called “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 equivalents - Item 10

1.1 Cash and cash equivalents: breakdown

	31.12.2010	31.12.2009
(a) Cash	9	8
(b) Demand deposits at Central Banks	-	-
Total	**9**	**8**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: breakdown by category

	31.12.2010			31.12.2009		
ITEM/AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Cash assets						
1. Debt securities						
1.1 Structured securities	5,768	838	-	2,178	6	-
1.2 Other debt securities	8,618	92	86	15,678	99	1
2. Equity instruments	55	-	-	87	-	2
3. UCIT units	6	-	-	-	-	-
4. Loans						
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**14,447**	**930**	**86**	**17,943**	**105**	**3**
B. Derivative instruments						
1. Financial derivatives						
1.1 trading	3,479	3,491	1	483	3,287	-
1.2 associated with the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives						
2.1 trading	-	-	-	-	-	-
2.2 associated with the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	**3,479**	**3,491**	**1**	**483**	**3,287**	**-**
Total (A+B)	**17,926**	**4,421**	**87**	**18,426**	**3,392**	**3**

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

ITEM/AMOUNT	31.12.2010	31.12.2009
A. CASH ASSETS		
1. Debt securities		
a) Governments and Central Banks	4,039	9,056
b) Other public entities	-	-
c) Banks	11,038	3,911
d) Other issuers	325	4,995
2. Equity instruments		
a) Banks	-	-
b) Other issuers:		
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	55	89
- other	-	-
3. UCIT units	**6**	**-**
4. Loans		
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total A	**15,463**	**18,051**
B. DERIVATIVE INSTRUMENTS		
a) Banks		
- fair value	1,008	825
b) Customers		
- fair value	5,963	2,945
Total B	**6,971**	**3,770**
Total (A+B)	**22,434**	**21,821**

2.3 Cash financial assets held for trading: changes over the year
As at 31.12.2010

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS	TOTAL
A. Opening balance	**17,962**	**89**	**-**	**-**	**18,051**
B. Increases					
B1. Purchases	386,439	25,180,607	1,050	-	25,568,096
B2. Increases in fair value	7	5	3	-	15
B3. Other decreases	1,946	9,582	3	-	11,531
C. Decreases					
C1. Sales	(371,279)	(25,190,133)	(1,026)	-	(25,562,438)
C2. Redemptions	(18,622)	-	-	-	(18,622)
C3. Decreases in fair value	(626)	(12)	(12)	-	(650)
C4. Transfers to other portfolios	-	-	-	-	-
C5. Other decreases	(425)	(83)	(12)	-	(520)
D. Closing balance	**15,402**	**55**	**6**	**-**	**15,463**

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.

Part B - Information on the balance sheet - Assets (CONTINUED)

As at 31.12.2009

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS	TOTAL
A. Opening balance	**10,193**	**15**	**-**	**-**	**10,208**
B. Increases					
B1. Purchases	740,565	14,359,977	28,214	-	15,128,756
B2. Increases in fair value	50	4	-	-	54
B3. Other decreases	3,887	4,039	44	-	7,970
C. Decreases					
C1. Sales	(620,178)	(14,363,838)	(28,206)	-	(15,012,222)
C2. Redemptions	(16,546)	-	-	-	(16,546)
C3. Decreases in fair value	(153)	-	-	-	(153)
C4. Transfers to other portfolios	-	-	-	-	-
C5. Other decreases	(99,856)	(108)	(52)	-	(100,016)
D. Closing balance	**17,962**	**89**	**-**	**-**	**18,051**

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

In the current year, FinecoBank has not recorded financial assets in the category “Financial assets measured at fair value”.

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

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

	31.12.2010			31.12.2009		
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	5,056	-	-	-	-	-
2. Equity instruments						
2.1 Measured at fair value	-	-	-	-	451	-
2.2 Measured at cost	-	-	13	-	-	13
3. UCIT units	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
Total	**5,056**	**-**	**13**	**-**	**451**	**13**

As at 31 December 2010, 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 € 13 thousand, in addition to the debt securities issued by the Italian Central Administration amounting to € 5,056 thousand.

In the first six months of 2010, the sale of the remaining 11,422 Visa Inc. class A shares held by FinecoBank was concluded (on 27 November 2009, 4,894 shares, corresponding to 30% of the shares in the portfolio, had been sold) at the minimum price of US$ 50.00 each, for US$ 85.78. The sale generated a profit of around € 443 thousand.

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

ITEM/AMOUNT	31.12.2010	31.12.2009
1. Debt securities		
a) Governments and Central Banks	5,056	-
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Equity instruments		
a) Banks	-	-
b) Other issuers:		
- insurance companies	-	-
- financial companies	13	464
- non-financial companies	-	-
- other	-	-
3. UCIT units	**-**	**-**
4. Loans		
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**5,069**	**464**

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

No data to report.

4.4 Available-for-sale financial assets: changes over the year
As at 31.12.2010

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS	TOTAL
A. Opening balance	**-**	**464**	**-**	**-**	**464**
B. Increases					
B1. Purchases	5,043	-	-	-	5,043
B2. Increases in FV	-	-	-	-	-
B3. Writebacks					
- recorded in the income statement	-	-	-	-	-
- recorded under shareholders' equity	-	-	-	-	-
B4. Transfers from other portfolios	-	-	-	-	-
B5. Other decreases	62	284	-	-	346
C. Decreases					
C1. Sales	-	(735)	-	-	(735)
C2. Redemptions	-	-	-	-	-
C3. Decreases in FV	(49)	-	-	-	(49)
C4. Writedowns due to impairment					
- recorded in the income statement	-	-	-	-	-
- recorded under shareholders' equity	-	-	-	-	-
C5. Transfers to other portfolios	-	-	-	-	-
C6. Other decreases	-	-	-	-	-
D. Closing balance	**5,056**	**13**	**-**	**-**	**5,069**

The Other Increases in Equity Instruments refer to the profit made on the sales of the Visa Inc. class A equity investment.
The other increases in Equity Instruments refer to the accrual recorded as at 31 December 2010.

Part B - Information on the balance sheet - Assets (Continued)

As at 31.12.2009

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS	TOTAL
A. Opening balance	**-**	**418**	**-**	**-**	**418**
B. Increases					
B1. Purchases	-	-	-	-	-
B2. Increases in FV	-	171	-	-	171
B3. Writebacks					
- recorded in the income statement	-	-	-	-	-
- recorded under shareholders' equity	-	-	-	-	-
B4. Transfers from other portfolios	-	-	-	-	-
B5. Other decreases	-	146	-	-	146
C. Decreases					
C1. Sales	**-**	**(271)**	**-**	**-**	**(271)**
C2. Redemptions	-	-	-	-	-
C3. Decreases in FV	-	-	-	-	-
C4. Writedowns due to impairment					
- recorded in the income statement	-	-	-	-	-
- recorded under shareholders' equity	-	-	-	-	-
C5. Transfers to other portfolios	-	-	-	-	-
C6. Other decreases	-	-	-	-	-
- due to de-merger/spin-off transactions					
D. Closing balance	**-**	**464**	**-**	**-**	**464**

Section 5 - Held-to-maturity financial assets - Item 50

FinecoBank did not record any financial assets under “Held-to-maturity financial assets”.

Section 6 - Receivables from banks - Item 60

6.1 Receivables from banks: breakdown by category

TYPE OF TRANSACTION/AMOUNT	31.12.2010	31.12.2009
A. Receivables from Central Banks	**-**	**-**
B. Receivables from banks	**10,067,146**	**12,902,870**
1. Current accounts and demand deposits	5,926,667	5,806,519
2. Savings accounts	852,224	2,492,471
3. Other loans:		
3.1 Reverse repurchase agreements	183,593	1,097,709
3.2 Other	4,394	5,821
4. Debt securities		
4.1 Structured securities	22	12
4.2 Other debt securities	3,100,246	3,500,338
Total (book value)	**10,067,146**	**12,902,870**
Total (fair value)	**10,089,366**	**12,992,293**

Receivables from banks in the form of current accounts and demand deposits were mainly represented by lending with UniCredit S.p.A. and by current accounts held with Société Generale Securities Services for transactions involving 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 € 188,688 thousand, in addition to savings accounts held with UniCredit S.p.A. for € 663,556 thousand.

Reverse repurchase agreements, amounting to € 173,723 thousand, are mainly represented by transactions with UniCredit Group companies in order to receive securities to use in repurchase agreements with retail customers.

The securities held in the portfolio are mainly represented by debt securities issued by the Parent Bank, and amount to € 3,100,012 thousand. They were subscribed in order to invest liquidity and, at the same time, to be used for repurchase agreements with retail customers.

6.2 Receivables from banks: assets subject to micro-hedging

No data to report.

6.3 Finance leases

No data to report.

Section 7 - Receivables from customers - Item 70

7.1 Receivables from customers: breakdown by category

	31.12.2010		31.12.2009	
	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Current accounts	51,237	2,333	66,610	1,907
2. Reverse repurchase agreements	311,312	-	609,543	270
3. Mortgages	-	276	-	929
4. Credit cards, personal loans and salary-guaranteed loans	295,408	1,350	271,040	1,213
5. Finance leases	-	-	-	-
6. Factoring	-	-	-	-
7. Other transactions	81,636	20	55,796	24
8. Debt securities:				
8.1 Structured securities	-	-	-	-
8.2 Other debt securities	2	-	2	-
Total (book value)	**739,595**	**3,979**	**1,002,991**	**4,343**
Total (fair value)	**756,828**	**3,979**	**1,018,047**	**4,343**

7.2 Receivables from customers: breakdown by debtors/issuers

	31.12.2010		31.12.2009	
TYPE OF TRANSACTION/AMOUNT	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED
1. Debt securities				
a) Governments	-	-	-	-
b) Other public entities	2	-	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	8,613	23	12,745	18
- financial companies	87,194	31	69,307	22
- insurance companies	5,311	-	5,416	-
- other	638,475	3,925	915,521	4,303
Total	**739,595**	**3,979**	**1,002,991**	**4,343**

Part B - Information on the balance sheet - Assets (Continued)

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	31.12.2010 LEVEL 1	LEVEL 2	LEVEL 3	NV 31.12.2010	31.12.2009 LEVEL 1	LEVEL 2	LEVEL 3	NV 31.12.2009
A. Financial derivatives								
1) Fair value	-	50	-	31,600	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**50**	**-**	**31,600**	**-**	**-**	**-**	**-**

8.2 Hedge derivatives: breakdown by portfolios hedged and by type of hedge
As at 31 December 2010

TRANSACTION/TYPE OF HEDGE	FAIR VALUE MICRO INTEREST RATE RISK	FAIR VALUE MICRO EXCHANGE RATE RISK	FAIR VALUE MICRO CREDIT RISK	FAIR VALUE MICRO PRICE RISK	FAIR VALUE MICRO SEVERAL RISKS	FAIR VALUE MACRO	CASH FLOWS MICRO	CASH FLOWS 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						-		-	-

As at 31 December 2009

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						-		-	
5. Other transactions	-	-	-	-	-		-		-
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	-	-		-		-		
2. Portfolio						-		-	
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Planned transactions							-		
2. Portfolio of financial assets and liabilities						-		-	-

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	31.12.2010	31.12.2009
1. Increase		
1.1 of specific portfolios		
a) receivables	81,114	115,781
b) available-for-sale financial assets	-	-
1.2 total	-	-
2. Decrease		
2.1 of specific portfolios		
a) receivables	-	-
b) available-for-sale financial assets	-	-
2.2 total	-	-
Total	**81,114**	**115,781**

9.2 Assets macro-hedged against interest rate risk

HEDGED ASSETS	31.12.2010	31.12.2009
1. Receivables	81,114	115,781
2. Available-for-sale financial assets	-	-
3. Portfolio	-	-
Total	**81,114**	**115,781**

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.

Section 10 - Equity investments - Item 100

No data to report.

Part B - Information on the balance sheet - Assets (Continued)

Section 11 - Property, plant and equipment - Item 110

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

ASSET/AMOUNT	31.12.2010	31.12.2009
A. Assets for functional use		
1.1 owned		
a) land	-	-
b) buildings	-	-
c) furniture	1,425	2,076
d) electronic equipment	3,078	2,273
e) other	1,671	1,813
1.2 acquired under finance lease		
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total A	**6,174**	**6,162**
B. Assets held for investment purposes		
2.1 owned		
a) land	-	-
b) buildings	2,952	3,060
2.2 acquired under finance lease		
a) land	-	-
b) buildings	-	-
Total B	**2,952**	**3,060**
Total (A+B)	**9,126**	**9,222**

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.

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

As at 31 December 2009

	LAND	BUILDINGS	FURNITURE	ELECTRONIC EQUIPMENT	OTHER	TOTAL
A. Opening balance	**-**	**-**	**11,272**	**19,798**	**8,714**	**39,784**
A.1 Total reductions in value, net	-	-	(8,376)	(17,171)	(6,918)	(32,465)
A.2 Net opening balance	**-**	**-**	**2,896**	**2,627**	**1,796**	**7,319**
B. Increases:						
B.1 Purchases	-	-	463	868	718	2,049
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 decreases	-	-	19	17	3	39
C. Decreases:						
C.1 Sales	-	-	(7)	(25)	-	(32)
C.2 Depreciation	-	-	(1,220)	(1,155)	(600)	(2,975)
C.3 Value adjustments due to impairment charged to						
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	(52)	(1)	(89)	(142)
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	-	-	(23)	(58)	(15)	(96)
D. Net closing balance	**-**	**-**	**2,076**	**2,273**	**1,813**	**6,162**
D.1 Total reductions in value, net	-	-	(9,365)	(18,095)	(7,251)	(34,711)
D.2 Gross closing balance	**-**	**-**	**11,441**	**20,368**	**9,064**	**40,873**
E. Measurement at cost	-	-	2,076	2,273	1,813	6,162

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

	31.12.2010		31.12.2009	
	LAND	BUILDINGS	LAND	BUILDINGS
A. Opening balance	**-**	**3,060**	**-**	**3,168**
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	**-**	**2,952**	**-**	**3,060**
E. Measurement at fair value	-	4,650	-	4,617

11.5 Commitments to purchase property, plant and equipment

As at 31 December 2010, 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

	31.12.2010		31.12.2009	
ASSET/AMOUNT	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill		89,602		89,602
A.2 Other intangible assets	8,857	-	10,728	-
A.2.1 Assets measured at cost:	8,857	-	10,728	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	8,857	-	10,728	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**8,857**	**89,602**	**10,728**	**89,602**

Part B - Information on the balance sheet - Assets (Continued)

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

As at 31 December 2009

		OTHER INTANGIBLE ASSETS: GENERATED INTERNALLY		OTHER INTANGIBLE ASSETS: OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Opening balance	**124,729**	**-**	**-**	**35,244**	**-**	**159,973**
A.1 Total reductions in value, net	(35,127)	-	-	(25,820)	-	(60,947)
A.2 Net opening balance	**89,602**	**-**	**-**	**9,424**	**-**	**99,026**
B. Increases						
B.1 Purchases	-	-	-	6,575	-	6,575
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	-	-	-	1	-	1
C. Decreases						
C.1 Sales	-	-	-	-	-	-
C.2 Value adjustments						
- Amortisation		-	-	(5,272)	-	(5,272)
- 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	-	-	-	-	-	-
D. Net closing balance	**89,602**	**-**	**-**	**10,728**	**-**	**100,330**
D.1 Total net value adjustments	(35,127)	-	-	(31,091)	-	(66,218)
E. Gross closing balance	**124,729**	**-**	**-**	**41,819**	**-**	**166,548**
F. Measurement at cost	89,602	-	-	10,728	-	100,330

12.3 Other information

The useful life of software, considered for the calculation of the amortisation charges is 3 years. Reference should be made to section 12 of the income statement for a description of the methods used to calculate amortisation.

As at 31 December 2010, the Bank had no contractual commitments to purchase intangible assets.

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.

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 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 is represented by the value in use, calculated on the basis of future cash flows estimated according to updated macroeconomic scenarios.

Part B - Information on the balance sheet - Assets (Continued)

Projections of future profits have been extended to 2020, in order to obtain a valuation of the income generating capacity and of the ability to create value over time, without considering the current macroeconomic scenario.

The expected cash flow in 2020 represents the basis for the calculation of the terminal value, which represents the capacity to generate future cash flows beyond that year. On the basis of the most common method, 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.
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.

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 Discounted Cash Flow model used by the Group is based on three stages:
1. first period from 2011 to 2015 in which the most recent internal estimates are considered. Figures relating to 2011 have been prudentially reviewed by Management also on the basis of the forecasts made prior to the end of December 2010 to take the changed economic scenario into account;
2. interim period between 2016 and 2020, for which forecasts of cash flows are made by applying decreasing growth rates up to those of the terminal value from the last 2015 forecast period;
3. In the third stage, the Terminal Value was calculated with nominal growth rates of 2%. The nominal growth rate of GDP in the Eurozone between 1995 and 2009 was 3.8% (1.8% of real growth and 2% of inflation). The choice of a nominal 2%, corresponding to a real rate of 0%, was based on prudential reasons.

Discounting rates of cash flows
Future cash flows are discounted on the basis of a prudential estimate of the discounting rate, incorporating the various risk factors related to the business sector into the cost of equity (Ke). The discounting rate used is a nominal rate net of taxes.

More specifically, the cost of initial capital is equal to the sum of the following components:
1. 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;
2. Debt risk premium: Average Credit Default Swap paid by UniCredit in the past 6 years;
3. 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 taking the benefit of diversification into account. The latter is determined considering the variance-covariance matrix of quotations of the banking groups used to determine the risk premium.

The results of impairment testing
The impairment test confirmed the value of goodwill recognised in the financial statements as at 31 December 2010.

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

General aspects
The item "Tax assets" amounting to € 46,398 thousand comprises:
- "Prepaid tax assets" of € 40,981 thousand recognised in the income statement;
- "Prepaid tax assets" of € 1,456 thousand as the balancing entry of Shareholders' equity, mainly associated with the loss resulting from the transfer of non-performing receivables to Aspra Finance S.p.A., recorded in a negative reserve under shareholders' equity;
- "Current tax assets" of € 3,961 thousand, the benefit of the redemption of goodwill.

The item "Tax liabilities", which amounted to € 29,746 thousand, with a balancing entry in the income statement, is broken down as follows:
- "Current tax liabilities" of € 13,207 thousand;
- "Deferred tax liabilities" of € 16,539 thousand.

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 4.82%.

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	31.12.2010	31.12.2009
Allocations	32,580	31,156
Receivables from banks and customers	9,486	9,968
Property, plant and equipment / intangible assets	279	289
Other items	92	132
Total	**42,437**	**41,545**

13.2 Deferred tax liabilities: breakdown

ASSET/AMOUNT	31.12.2010	31.12.2009
Property, plant and equipment / intangible assets	16,539	15,517
Other financial instruments /assets/ liabilities	-	2
Total	**16,539**	**15,519**

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

	31.12.2010	31.12.2009
1. Opening balance	**40,080**	**44,774**
2. Increases		
2.1 Prepaid taxes charged in the year	7,605	6,443
a) relating to prior financial years		
b) due to changes in accounting policies	-	-
c) writebacks	-	-
d) other	7,605	6,443
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases		
3.1 Prepaid taxes cancelled in the year	(6,003)	(7,829)
a) reversals	(6,003)	(7,829)
b) writedowns due to irrecoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	
3.2 Reduction in tax rates	-	-
3.3 Other decreases	(701)	(3,308)
4. Closing balance	**40,981**	**40,080**

Part B - Information on the balance sheet - Assets (Continued)

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;
- provisions for future personnel costs;
- provisions for future costs of personal financial advisers.

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 costs of personal financial advisers;
- use of provisions for risks and charges.

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

	31.12.2010	31.12.2009
1. Opening balance	**15,517**	**15,002**
2. Increases		
2.1 Deferred taxes charged in the year	1,470	1,049
a) relating to prior financial years	-	-
b) due to changes in accounting policies	-	-
c) other	1,470	1,049
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	97
3. Decreases		
3.1 Deferred taxes cancelled in the year	(405)	(631)
a) reversals	(405)	(631)
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	(43)	-
4. Closing balance	**16,539**	**15,517**

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.

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

	31.12.2010	31.12.2009
1. Opening balance	**1,465**	**2**
2. Increases		
2.1 Deferred taxes charged in the year	15	1,465
a) relating to prior financial years	-	-
b) due to changes in accounting policies	-	-
c) other	15	1,465
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases		
3.1 Deferred taxes cancelled in the year	(24)	(2)
a) reversals	-	(2)
b) writedowns due to irrecoverability	-	-
c) due to changes in accounting policies	-	-
d) other	(24)	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**1,456**	**1,465**

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”.
Decreases in prepaid taxes recorded in the financial year as a balancing item of the balance sheet refer to tax recoveries of the loss incurred on the transfer of non-performing loans to Aspra Finance S.p.A..

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

	31.12.2010	31.12.2009
1. Opening balance	**2**	**-**
2. Increases		
2.1 Deferred taxes charged in the year	-	2
a) relating to prior financial years	-	-
b) due to changes in accounting policies	-	-
c) other	-	2
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	-	-
- due to de-merger/spin-off transactions	-	-
4. Closing balance	**-**	**2**

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

	31.12.2010	31.12.2009
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	**-**	**-**

Part B - Information on the balance sheet - Assets (CONTINUED)

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.

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

	31.12.2010	31.12.2009
Items in transit not allocated to relevant accounts	5	25
Items under construction:		
- notes, cheques and other documents	12,089	13,643
- POS and ATM cards	375	393
- other items under construction	68	692
Current receivables not related to the provision of financial services	6,188	3,550
Definitive items not recognised under other items:		
- securities and coupons to be settled	5,292	943
- fees to be charged to customers	1,201	829
- amounts to be settled via clearing houses	2,909	4,250
- other transactions	18,054	21,031
Tax items other than those recognised under item 140:		
- tax advances	99,550	116,518
- tax credit	594	594
- tax advances on employee severance indemnities	14	10
Receivables due to disputed items not deriving from lending	159	159
Prepayments	17,663	19,980
Improvement and incremental expenses incurred on leasehold assets	11,772	12,956
Total	**175,933**	**195,573**

Part B - Information on the balance sheet - Liabilities

Liabilities

Section 1 - Payables to banks - Item 10

1.1 Payables to banks: breakdown by category

	31.12.2010	31.12.2009
1. Payables to central banks	**-**	**-**
2. Payables to banks		
2.1 Current accounts and demand deposits	157,530	65,863
2.2 Savings accounts	173,579	1,094,261
2.3 Loans		
2.3.1 Repurchase agreements	93,339	404,400
2.3.2 Other	-	-
2.4 Payables for obligations to repurchase own equity instruments	-	-
2.5 Other payables	13	15
Total	**424,461**	**1,564,539**
Fair value	**424,461**	**1,564,539**

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 - Payables to customers - Item 20

2.1 Payables to customers: breakdown by category

	31.12.2010	31.12.2009
1. Current accounts and demand deposits	9,225,503	9,489,254
2. Savings accounts	-	109
3. Loans		
3.1 Repurchase agreements	729,044	2,130,583
3.2 Other	117,538	426,342
4. Payables for obligations to repurchase own equity instruments	-	-
5. Other payables	35,147	38,656
Total	**10,107,232**	**12,084,944**
Fair value	**10,107,232**	**12,084,944**

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 - Securities in issue - Item 30

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	31.12.2010					31.12.2009				
		FV					FV			
	NV	L1	L2	L3	FV*	NV	L1	L2	L3	FV*
A. Cash liabilities										
1. Payables to banks	62	4	55	-	59	330	314	-	-	314
2. Payables to customers	955	48	-	-	48	1,734	8	-	-	8
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	**1,017**	**52**	**55**	**-**	**107**	**2,064**	**322**	**-**	**-**	**322**
B. Derivative instruments										
1. Financial derivatives										
1.1 Trading		3,259	3,351	1			482	3,097	-	
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		**3,259**	**3,351**	**1**			**482**	**3,097**	**-**	
Total (A+B)	**1,017**	**3,311**	**3,406**	**1**	**107**	**2,064**	**804**	**3,097**	**-**	**322**

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

ITEM/AMOUNT	FAIR VALUE 31.12.2010			NV 31.12.2010	FAIR VALUE 31.12.2009			NV 31.12.2009
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives								
1) Fair value	-	79,943	-	3,196,721	-	114,640	-	3,576,125
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**79,943**	**-**	**3,196,721**	**-**	**114,640**	**-**	**3,576,125**

6.2 Hedge derivatives: breakdown by portfolios hedged and by type of hedge
As at 31 December 2010

TRANSACTION/TYPE OF HEDGE	FAIR VALUE						CASH FLOWS		FOREIGN INVESTMENTS
	MICRO								
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	SEVERAL RISKS	MACRO	MICRO	MACRO	
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						-		-	-

As at 31 December 2009

TRANSACTION/TYPE OF HEDGE	FAIR VALUE						CASH FLOWS		FOREIGN INVESTMENTS
	MICRO								
	INTEREST RATE RISK	EXCHANGE RATE RISK	CREDIT RISK	PRICE RISK	SEVERAL RISKS	MACRO	MICRO	MACRO	
1. Available-for-sale financial assets	-	-	-	-	-		-		
2. Receivables	-	-	-		-		-		
3. Financial assets held to maturity		-	-		-		-		
4. Portfolio						114,640	-	-	
5. Other transactions	-	-	-	-	-		-		-
Total assets	**-**	**-**	**-**	**-**	**-**	**114,640**	**-**	**-**	**-**
1. Financial liabilities	-	-	-		-		-		
2. Portfolio						-		-	
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Planned transactions							-		
2. Portfolio of financial assets and liabilities						-		-	-

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

No data to report.

Part B - Information on the balance sheet - Liabilities (Continued)

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

	31.12.2010	31.12.2009
Accrued liabilities other than those capitalised on the relative financial liabilities	97	145
Other liabilities relative to employees	11,795	16,636
Other liabilities relative to other personnel	298	417
Other liabilities relative to Directors and Auditors	-	184
Sums available to be paid to customers	473	8,142
Items under construction:		
- incoming bank transfers	5,479	3,580
- outgoing bank transfers	22,605	23,813
- POS and ATM cards	19	14
- other items under construction	1,578	1,679
Current payables not related to to the provision of financial services	33,010	20,780
Definitive items not recognised under other items:		
- securities and coupons to be settled	4,102	198
- other items	8,079	16,885
Adjustments for illiquid portfolio items	2,844	26,531
Tax items other than those recognised under item 80:		
- sums withheld from third parties as withholding agent	14,789	27,096
- other	26,948	26,952
Social security contributions to be paid	4,186	4,205
Total	**136,302**	**177,257**

Section 11 - Employee severance fund - Item 110

11.1 Employee severance fund: changes over the year

	31.12.2010	31.12.2009
A. Opening balance	**3,321**	**4,582**
B. Increases		
B.1 Allocations during the year	180	234
B.2 Other increases	163	30
C. Decreases		
C.1 Payments made	(402)	(509)
C.2 Other decreases	(68)	(1,016)
D. Closing balance	**3,194**	**3,321**

The economic impact of 2010, shown under item B.1 “Allocations during the year” amounting to a total of € 180 thousand is represented by “Interest Cost” (financial charges or interest accrued over the year on the obligation) amounting to € 174 thousand, Actuarial losses of € 4 thousand and by costs relating to leaving incentives of € 2 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 2010 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 ff. 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). 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 2010, the employee severance fund recalculated in accordance with IAS 19 represented a liability of € 3,194 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	3,618
Actuarial profits (losses) not recognised	(424)
Net liability	**3,194**

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

	31.12.2010	31.12.2009
1. Company pension funds	-	-
2. Other provisions for risks and charges		
2.1 legal disputes	47,711	46,982
2.2 personnel charges	-	-
2.3 other	50,161	38,673
Total	**97,872**	**85,655**

The Other provisions for risks and charges under point 2.3 includes the Provision for additional customer expenses amounting to € 29,827 thousand, € 27,567 thousand as at 31 December 2009.

Part B - Information on the balance sheet - Liabilities (Continued)

12.2 Provisions for risks and charges: changes over the year

Pension funds

No data to report.

Other provisions

	31.12.2010	31.12.2009
A. Opening balance	**85,655**	**87,218**
B. Increases		
B.1 Allocations during the year	19,120	9,242
B.2 Changes due to the passage of time	534	956
B.3 Changes due to variations in the discount rate	32	329
B.4 Other increases	3,000	-
C. Decreases		
C.1 Amounts used in the year	(10,469)	(12,090)
C.2 Changes due to variations in the discount rate	-	-
C.3 Other decreases	-	-
D. Closing balance	**97,872**	**85,655**

Net provisions for 2010 include € 1,625 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	31.12.2009	UTILISATIONS 2010	EFFECT OF DISCOUNTING	NET ALLOCATIONS 2010 *	OTHER CHANGES	31.12.2010
Legal disputes						
- disputes with customers and agents	46,982	(5,978)	445	6,262	-	47,711
Other						
- provision for additional customer expenses	27,567	(927)	-	3,187	-	29,827
- other provisions for risks and charges	11,106	(3,564)	-	9,792	3,000	20,334
Total provisions for risks and charges	**85,655**	**(10,469)**	**445**	**19,241**	**3,000**	**97,872**

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 2010 include € 1,625 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 "Own 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	31.12.2010	31.12.2009
1. Share capital	200,070	200,070
2. Share premiums	1,934	1,934
3. Reserves		
- Legal reserve	16,795	14,603
- Extraordinary reserve	93,342	95,350
- Reserve from buy-back of securitised loans	-	(26,868)
- Reserve from the spin-off of UniCredit Private Banking S.p.A.	-	24,500
- Reserve for redemption of goodwill under Legislative Decree 185/2008	-	2,250
- Negative reserve from transfer of non-performing loans	-	(3,861)
- Other reserves	-	128
4. (Own shares)	-	-
5. Valuation reserves	(33)	157
6. Equity instruments	-	-
7. Profit (Loss) for the year	51,881	43,843
Total	**363,989**	**352,106**

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

	31.12.2010	
ITEM/TYPE	ORDINARY	OTHER
A. Existing shares at the beginning of the year		
- fully paid up	606,274,033	-
- not fully paid up	-	-
A.1 Own shares (-)	-	-
A.2 Securities in issue: opening balance	**606,274,033**	**-**
B. Increases		
B.1 New issues		
- for cash:		
- business combination transactions	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- scrip issues		
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sale of own shares	-	-
B.3 Other increases	-	-
C. Decreases		
C.1 Cancellation	-	-
C.2 Purchase of own shares	-	-
C.3 Business transfer transactions	-	-
C.4 Other decreases	-	-
D. Securities in issue: closing balance	**606,274,033**	**-**
D.1 Own shares (+)		-
D.2 Existing shares at the end of the year	-	-
- fully paid up	606,274,033	-
- not fully paid up	-	-

Part B - Information on the balance sheet - Liabilities (Continued)

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 € 16,795 thousand, and the Extraordinary reserve, amounting to € 93,342 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, as described in the Report on Operations.

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**	**-**	**-**	**-**	**201**
Share capital reserve:					
Share premiums	1,934	A, B, C	- (1)	-	-
Reserve from spin-off of UniCredit Private Banking	-	A, B, C	-	-	250,000
Retained earnings:		**-**			
Legal reserve	16,795	B	-	-	-
Extraordinary reserve	93,342	A, B, C	93,342 (2)	-	2,238
Valuation reserves:					
Valuation reserves for available-for-sale financial assets	(33)	D	-	-	-
TOTAL	**312,108**		**93,342**	**-**	**-**
Undistributable share					
Distributable balance			93,342	-	-

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 only be distributed on condition that the legal reserve has reached the limit set out under article 2430 of the Italian Civil Code.
(2) They cannot be distributed until the balance sheet value of Property, plant and equipment is covered, as prescribed by art. 2426 no. 5 of the Italian Civil Code.

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	31.12.2010	31.12.2009
1) Financial guarantees given		
a) Banks	40,549	52,983
b) Customers	-	-
2) Commercial guarantees given		
a) Banks	-	-
b) Customers	594	383
3) Irrevocable commitments to lend funds		
a) Banks		
i) certain to be called on	175	1,644
ii) not certain to be called on	-	-
b) Customers		
i) certain to be called on	304,856	103,234
ii) not certain to be called on	32	32
4) Commitments underlying credit derivatives: protection sales	-	-
5) Assets given as collateral for third-party obligations	-	-
6) Other commitments	-	-
Total	**346,206**	**158,276**

2. Assets given as collateral for own liabilities and commitments

PORTFOLIOS	31.12.2010	31.12.2009
1. Financial assets held for trading	-	-
2. Financial assets measured at fair value	-	-
3. Available-for-sale financial assets	-	-
4. Financial assets held to maturity	-	-
5. Receivables from banks	624,570	1,173,013
6. Receivables from customers	-	-
7. Property, plant and equipment	-	-
Total	**624,570**	**1,173,013**

With regard to financing transactions secured by securities not recorded under assets in the balance sheet, note that, as at 31 December 2010, the Bank has repurchase agreements, securities borrowing guaranteed by sums of money and securities borrowing recorded in the loans portfolio (item 60 Receivables from banks and item 70 Receivables from customers) with a book value of € 494,904 thousand. The fair value of the securities not recorded under assets, underlying the above-cited repurchase agreements and securities borrowing, total € 537,747 thousand, of which € 181,312 thousand is used to guarantee repurchase agreements and securities borrowings guaranteed by sums of money.

3. Information on operating leases

FinecoBank has signed a number of operating lease contracts relating to electronic machine rentals. Future lease instalments amount to
- within one year: € 4,549 thousand
- from one to five years: € 1,912 thousand

The Bank did not undertake any subleasing transactions.

Part B - Information on the balance sheet - Liabilities (Continued)

4. Administration and brokerage for third parties

TYPE OF SERVICE	31.12.2010	31.12.2009
1. Trading of financial instruments on behalf of third parties		
Securities		
a) Purchases		
1. Settled	109,896,438	121,580,090
2. Unsettled	1,009,636	830,138
b) Sales		
1. Settled	109,106,303	120,883,607
2. Unsettled	959,987	821,534
Derivative contracts		
a) Purchases		
1. Settled	100,556,788	100,739,667
2. Unsettled	2,980	29,101
b) Sales		
1. Settled	100,504,458	100,710,488
2. Unsettled	2,832	30,663
2. Discretionary accounts		
a) individual	-	-
b) collective	-	-
3. Custody and administration of securities		
a) third-party securities deposited: associated with the role of custodian bank (excluding discretionary accounts)		
1. securities issued by the bank drawing up the F/S	-	-
2. other securities	-	-
b) third-party securities deposited: (excluding discretionary accounts): other	9,212,048	9,495,128
1. securities issued by the bank drawing up the F/S	-	-
2. other securities	9,212,048	9,495,128
c) third-party securities deposited with third parties	9,212,048	9,495,128
d) own securities deposited with third parties	3,141,203	3,537,606
4. Other transactions	**-**	**-**

Part C - Information on the Income Statement

Part C - Information on the Income Statement

(Amounts in Euro/000)

Section 1 - Interest - Items 10 and 20

1.1 Interest income and similar revenue: breakdown
As at 31 December 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**

As at 31 December 2009

ITEM/TECHNICAL FORM	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL
1. Financial assets held for trading	372	-	-	372
2. Available-for-sale financial assets	-	-	-	-
3. Financial assets held to maturity	-	-	-	-
4. Receivables from banks	164,386	149,240	-	313,626
5. Receivables from customers	-	27,971	-	27,971
6. Financial assets measured at fair value	-	-	-	-
7. Hedge derivatives	-	-	-	-
8. Other assets	-	-	391	391
Total interest income	**164,758**	**177,211**	**391**	**342,360**

1.2 Interest income and similar revenue: 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 revenue: other information
No information to report.

1.3.1 Interest income on foreign currency financial assets

ITEM/TECHNICAL FORM	31.12.2010	31.12.2009
Interest income on foreign currency financial assets	2,347	6,548

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

1.4 Interest expense and similar charges: breakdown
As at 31 December 2010

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

As at 31 December 2009

ITEM/TECHNICAL FORM	PAYABLES	SECURITIES	OTHER TRANSACTIONS	TOTAL
1. Payables to central banks	-	-	-	-
2. Payables to banks	(18,126)	-	-	(18,126)
3. Payables to customers	(156,629)	-	-	(156,629)
4. Securities in issue	-	-	-	-
5. Financial liabilities held for trading	(1,087)	-	-	(1,087)
6. Financial liabilities measured at fair value	-	-	-	-
7. Other liabilities and provisions	-	-	(381)	(381)
8. Hedge derivatives	-	-	(60,157)	(60,157)
Total	**(175,842)**	**-**	**(60,538)**	**(236,380)**

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

ITEM/AMOUNT	31.12.2010	31.12.2009
A. Positive differentials relating to hedging transactions	35,067	71,994
B. Negative differentials relating to hedging transactions	(57,683)	(132,151)
C. Balance (A-B)	**(22,616)**	**(60,157)**

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

1.6.1 Interest expense on foreign currency liabilities

ITEM/TECHNICAL FORM	31.12.2010	31.12.2009
Interest expense on foreign currency liabilities	(802)	(3,970)

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

Part C - Information on the Income Statement (Continued)

Section 2 - Commissions - Items 40 and 50

2.1 Commission income: breakdown

TYPE OF SERVICE/AMOUNT	31.12.2010	31.12.2009
(a) guarantees given	-	-
(b) credit derivatives	-	-
(c) management, brokerage and consulting services:		
1. trading of financial instruments	99,193	112,287
2. foreign currency trading	-	-
3. discretionary accounts		
3.1. individual	-	-
3.2. collective	-	-
4. custody and administration of securities	929	644
5. custodian bank	-	-
6. placement of securities	147,106	116,045
7. order collection	-	-
8. consulting services		
8.1. relating to investments	1,654	1,874
8.2. relating to financial structure	-	-
9. distribution of third-party services		
9.1. discretionary accounts:	8,433	9,576
9.1.1 individual	7,806	9,462
9.1.2 collective	627	114
9.2. insurance products	27,091	24,389
9.3. other products	891	1,092
(d) collection and payment services	19,945	18,813
(e) servicing for securitisation transactions	-	75
(f) services for factoring transactions	-	-
(g) tax collection services	-	-
(h) management of multilateral trading systems	-	-
(i) holding and management of current accounts	7,520	6,866
(j) other services	4,379	4,008
Total	**317,141**	**295,669**

2.2 Commission income: distribution channels for products and services

CHANNEL/AMOUNT	31.12.2010	31.12.2009
(a) at own branches:		
1. discretionary accounts	-	-
2. placement of securities	-	-
3. third-party services and products	-	-
(b) cold-calling:		
1. discretionary accounts	8,433	9,575
2. placement of securities	89,764	77,454
3. third-party services and products	27,727	25,315
(c) other distribution channels:		
1. discretionary accounts	-	-
2. placement of securities	57,342	38,592
3. third-party services and products	255	166
Total	**183,521**	**151,102**

Commissions for the placement of securities through “other distribution channels” refer to commissions collected on the subscription of shares with advance subscription, UCIT units and SICAVs made directly by customers online.

2.3 Commission expense: breakdown

SERVICE/AMOUNT	31.12.2010	31.12.2009
(a) guarantees received	(34)	(50)
(b) credit derivatives	-	-
(c) management and brokerage services:		
1. trading of financial instruments	(6,822)	(8,369)
2. foreign currency trading	(145)	-
3. discretionary accounts		
3.1 own portfolio	-	-
3.2 third-party portfolio	-	-
4. custody and administration of securities	(3,827)	(4,174)
5. placement of financial instruments	-	-
6. cold-calling to offer securities, products and services	(129,742)	(123,326)
(d) collection and payment services	(14,211)	(14,005)
(e) other services	(687)	(294)
Total	**(155,468)**	**(150,218)**

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

ITEM/INCOME	31.12.2010		31.12.2009	
	DIVIDENDS	INCOME FROM UCIT UNITS	DIVIDENDS	INCOME FROM UCIT UNITS
A. Financial assets held for trading	21	-	1	-
B. Available-for-sale financial assets	8	-	6	-
C. Financial assets measured at fair value	-	-	-	-
D. Equity investments	-		-	
Total	**29**	**-**	**7**	**-**

Section 4 - Net income from trading activities - Item 80

4.1 Net income from trading activities: breakdown
As at 31 December 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 UCIT units	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. Derivative instruments					
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**

Part C - Information on the Income Statement (CONTINUED)

As at 31 December 2009

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	50	1,855	(153)	(140)	1,612
1.2 Equity instruments	4	55,303	-	(50,201)	5,106
1.3 UCIT units	-	118	-	(127)	(9)
1.4 Loans	-	-	-	-	-
1.5 Other	-	7,013	-	-	7,013
2. Financial liabilities held for trading					
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	17	489	-	(4)	502
3. Other financial assets and liabilities: exchange differences					2,581
4. Derivative instruments					
4.1 Financial derivatives:					
- On debt securities and interest rates	25,975	77,071	(25,861)	(77,042)	143
- On equity instruments and share indices	472	-	(476)	(52)	(56)
- On currencies and gold				,	186
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total	**26,518**	**141,849**	**(26,490)**	**(127,566)**	**17,078**

Section 5 - Net income from hedging activities - Item 90

5.1 Net income from hedging activities: breakdown

INCOME ITEM/AMOUNT	31.12.2010	31.12.2009
A. Income relating to:		
A.1 (Fair value) hedge derivatives	34,679	70,801
A.2 Financial assets hedged (fair value)	107	20,629
A.3 Financial liabilities hedged (fair value)	-	-
A.4 Cash flow hedge financial derivatives	-	-
A.5 Foreign currency assets and liabilities	-	-
Total income from hedging activities (A)	**34,786**	**91,430**
B. Expenses relating to:		
B.1 (Fair value) hedge derivatives)	(194)	(20,758)
B.2 Financial assets hedged (fair value)	(34,592)	(70,672)
B.3 Financial liabilities hedged (fair value)	-	-
B.4 Cash flow hedge financial derivatives	-	-
B.5 Foreign currency assets and liabilities	-	-
Total expenses of hedging activities (B)	**(34,786)**	**(91,430)**
C. Net income from hedging activities (A-B)	**-**	**-**

Section 6 - Profit (Loss) from sale/repurchase - Item 100

6.1 Profit (Loss) from sale/repurchase: breakdown

ITEM/INCOME ITEM	31.12.2010			31.12.2009		
	PROFIT	LOSS	NET PROFIT	PROFIT	LOSS	NET PROFIT
Financial assets						
1. Receivables from banks	12	(1)	11	74	(15)	59
2. Receivables from customers	-	-	-	-	-	-
3. Available-for-sale financial assets						
3.1 Debt securities	-	-	-	-	-	-
3.2 Equity instruments	443	-	443	141	-	141
3.3 UCIT units	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	**455**	**(1)**	**454**	**215**	**(15)**	**200**
Financial liabilities						
1. Payables to banks	-	-	-	-	-	-
2. Payables to customers	-	-	-	-	-	-
3. Securities in issue	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Section 7 - Net income from financial assets and liabilities at fair value - Item 110

FinecoBank did not record any financial assets under “Held-to-maturity financial assets”.

Section 8 - Net adjustments/writebacks for impairment - Item 130

8.1 Net value adjustments for impairment of receivables: breakdown
As at 31 December 2010

TRANSACTION/ INCOME ITEM	VALUE ADJUSTMENTS (1)			WRITEBACKS (2)				TOTAL
	SPECIFIC			SPECIFIC		PORTFOLIO		
	ELIMINATIONS	OTHER	PORTFOLIO	A	B	A	B	
A. Receivables from banks								
- Loans	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-
B. Receivables from 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)**

As at 31 December 2009

TRANSACTION/ INCOME ITEM	VALUE ADJUSTMENTS (1)			WRITEBACKS (2)				TOTAL
	SPECIFIC			SPECIFIC		PORTFOLIO		
	ELIMINATIONS	OTHER	PORTFOLIO	A	B	A	B	
A. Receivables from banks								
- Loans	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-
B. Receivables from customers								
- Loans	(112)	(4,942)	(2,003)	635	2,090	-	70	(4,262)
- Debt securities	-	-	-	-	-	-	-	-
C. Total	**(112)**	**(4,942)**	**(2,003)**	**635**	**2,090**	**-**	**70**	**(4,262)**

Key
A = From interest
B = Other writebacks

Part C - Information on the Income Statement (Continued)

8.2 Net value adjustments for impairment of available-for-sale financial assets: breakdown

No data to report.

8.3 Net value adjustments for impairment of held-to-maturity financial assets: breakdown

No data to report.

8.4 Net value adjustments for impairment of other financial transactions: breakdown
As at 31 December 2010

No data to report.

As at 31 December 2009

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	-	(2,582)	-	-	52	-	-	(2,530)
E. Total	**-**	**(2,582)**	**-**	**-**	**52**	**-**	**-**	**(2,530)**

Key
A = From interest
B = Other writebacks

Section 9 - Administrative expenses - Item 150

9.1 Personnel expenses: breakdown

TYPE OF COST/AMOUNT	31.12.2010	31.12.2009
1) Employees	**(51,757)**	**(54,669)**
a) wages and salaries	(35,528)	(38,267)
b) social security contributions	(9,693)	(10,090)
c) employee severance fund	(2,161)	(1,977)
d) pension costs	-	-
e) provision for employee severance fund	(180)	(235)
f) provision to pension fund and similar:		
- defined contribution	-	-
- defined benefit	-	-
g) payments to external supplementary pension funds:		
- defined contribution	(769)	(794)
- defined benefit	-	-
h) costs arriving from share-based agreements involving own equity instruments	(145)	(68)
i) other employee benefits	(3,281)	(3,238)
2) Other personnel	**(597)**	**(376)**
3) Directors and statutory auditors	**(664)**	**(1,042)**
4) Laid-off personnel	**-**	**-**
5) Recovery of expenses for employees seconded to other companies	**567**	**2,032**
6) Recovery of expenses for employees seconded to the company	**(3,563)**	**(3,120)**
Total	**(56,014)**	**(57,175)**

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

	31.12.2010	31.12.2009
Employees	**815**	**772**
(a) executives	25	29
(b) managers	230	228
(c) remaining employees	560	515
Other personnel	**133**	**124**

9.3 Defined-benefit company pension funds: total costs

No data to report.

9.4 Other employee benefits

TYPE OF EXPENSE/AMOUNT	31.12.2010	31.12.2009
Leaving incentives	(396)	(265)
Medical plan	(715)	(761)
Luncheon vouchers	(746)	(743)
Other	(1,424)	(1,469)
Total	**(3,281)**	**(3,238)**

Part C - Information on the Income Statement (Continued)

9.5 Other administrative expenses: breakdown

OTHER ADMINISTRATIVE EXPENSES	31.12.2010	31.12.2009
Stamp duty	(26,952)	(26,895)
Registration tax	(117)	(109)
Other municipal taxes and duties	(462)	(488)
Other taxes and duties	(1,379)	(1,233)
Advertising, promotion and entertainment expenses		
- mass media communications	(9,398)	(4,674)
- communications at outlets & direct marketing	(162)	(356)
- promotional expenses	(7,349)	(5,850)
- market research	(54)	(44)
- sponsorships	(105)	(27)
- entertainment expenses	(101)	(24)
Conventions and internal communications	(54)	(35)
Fees to external experts		
- legal costs for credit collection	(192)	(977)
- technical consulting services	(202)	(241)
- other professional services	(516)	(406)
- strategic-management consulting services	(63)	(19)
- legal costs and notary fees	(2,982)	(2,560)
Various services provided by third parties		
- credit collection services	(1)	(20)
- personnel area services	(444)	(322)
- real estate area services	(3,386)	(3,847)
- administrative services	(11,485)	(16,733)
- logistic services	(255)	(474)
- ICT services	(10,246)	(10,506)
- personnel recruitment	(66)	(16)
- financial infoproviders	(7,674)	(7,457)
- personal financial advisers' expenses	(16,878)	(17,825)
Commercial information and company searches	(445)	(562)
Telephone, swift and data transmission expenses	(4,019)	(3,281)
Postage expenses	(2,003)	(3,025)
Rental cost of buildings leased for personnel use	(119)	(143)
Rental cost on buildings	(15,425)	(16,484)
Facility maintenance	(187)	(188)
Facility surveillance	(113)	(40)
Facility cleaning	(27)	(30)
Utilities	(1,444)	(1,816)
Leasing of office machinery	(105)	(144)
Leasing of ICT machinery and software	(8,117)	(8,967)
Printing and stationery	(244)	(410)
ICT printing and stationery	(88)	(117)
Various office supplies	(142)	(184)
Various ICT office supplies	(613)	(167)
Maintenance of furniture, machinery and systems	(149)	(292)
Maintenance and repair of ICT equipment	(1,071)	(942)
Transport of valuables and documents	(317)	(806)
Travel expenses and vehicle hire costs	(30)	(25)
Insurance	(2,384)	(3,146)
Charity donations	(126)	(104)
Fees, dues and contributions to trade associations	(334)	(401)
Other expenses	(1,141)	(563)
Total	**(139,166)**	**(142,975)**

Section 10 - Net provisions for risks and charges - Item 160

10.1 Net provisions for risks and charges: breakdown

	31.12.2010	31.12.2009
Disputes regarding customers and PFA	(6,707)	(5,420)
Provision for additional customer expenses	(3,187)	(2,868)
Other provisions for risks and charges	(8,167)	(72)
Total	**(18,061)**	**(8,360)**

Section 11 - Net value adjustments to property, plant and equipment - Item 170

11.1 Net value adjustments to property, plant and equipment: breakdown
As at 31 December 2010

ASSET/INCOME COMPONENT	DEPRECIATION (A)	VALUE ADJUSTMENTS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET PROFIT
A. Property, plant and equipment				
A.1 Owned				
- For functional use	(2,912)	(122)	-	(3,034)
- For investment	(108)	-	-	(108)
A.2 Acquired under finance lease				
- For functional use	-	-	-	-
- For investment	-	-	-	-
Total	**(3,020)**	**(122)**	**-**	**(3,142)**

As at 31 December 2009

ASSET/INCOME COMPONENT	DEPRECIATION (A)	VALUE ADJUSTMENTS FOR IMPAIRMENT (B)	WRITEBACKS (C)	NET PROFIT
A. Property, plant and equipment				
A.1 Owned				
- For functional use	(2.975)	(142)	-	(3.117)
- For investment	(108)	-	-	(108)
A.2 Acquired under finance lease				
- For functional use	-	-	-	-
- For investment	-	-	-	-
Total	**(3.083)**	**(142)**	**-**	**(3.225)**

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 - Information on the Income Statement (Continued)

Section 12 - Net value adjustments to intangible assets - Item 180

12.1 Net value adjustments to intangible assets: breakdown
As at 31 December 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 Acquired under finance lease				
Total	**(5,891)**	**-**	**-**	**(5,891)**

As at 31 December 2009

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	(5,272)	-	-	(5,272)
A.2 Acquired under finance lease				
Total	**(5,272)**	**-**	**-**	**(5,272)**

Intangible assets are represented exclusively by software amortised over three years.

Section 13 - Other operating income and expenses - Item 190

13.1 Other operating expenses: breakdown

TYPE/AMOUNT	31.12.2010	31.12.2009
Refunds and allowances	(714)	(1,738)
Penalties, fines and unfavourable rulings	(1,304)	(786)
Improvements and incremental expenses incurred on leasehold properties	(2,591)	(2,639)
Improvements and incremental expenses incurred on group properties	(9)	(35)
Exceptional writedowns of assets	(946)	(2,659)
Other overheads	(263)	(198)
Total	**(5,827)**	**(8,055)**

Exceptional writedowns of assets include costs incurred for credit card fraud of € 847 thousand.

13.2 Other operating income: breakdown

TYPE/AMOUNT	31.12.2010	31.12.2009
Recovery of expenses:		
- ancillary expenses - other	434	948
- ancillary expenses - credit cards	58	5,109
- taxes	26,562	26,473
Other income from current year	2,450	5,058
Total	**29,504**	**37,588**

Section 14 - Gains (losses) from investments - Item 210

14.1 Gains (losses) from investments: breakdown
No data to report.

Section 15 - Net income from the fair value measurement of property, plant and equipment and intangible assets - Item 220

15.1 Net income from the fair value measurement of the revalued value of property, plant and equipment and intangible assets: breakdown

No data to report.

Section 16 - Value adjustments to goodwill - Item 230

16.1 Value adjustments to goodwill: breakdown

No data to report.

Section 17 - Profit (Loss) from sale of investments - Item 240

17.1 Profit (loss) from sale of investments: breakdown

INCOME ITEM/AMOUNT	31.12.2010	31.12.2010
A. Property		
- Profits on disposal	-	-
- Losses on disposal	-	-
B. Other assets		
- Profits on disposal	1	20
- Losses on disposal	(27)	(108)
Net profit	**(26)**	**(88)**

Section 18 - Income taxes on continuing operations - Item 260

18.1 Income taxes on continuing operations: breakdown

ITEM/AMOUNT	31.12.2010	31.12.2010
1. Current taxes	(37,472)	(29,139)
2. Changes in current taxes from previous years	-	-
3. Decrease of current taxes for the year	-	423
4. Change in prepaid taxes	1,602	(1,385)
5. Change in deferred taxes	(1,065)	(418)
6. Income tax for the year	(36,935)	(30,519)

18.2 Reconciliation between theoretical taxes and actual taxes

Statutory profit before tax	88,816

	IRES	IRAP	TOTAL
Amount corresponding to theoretical tax rate	**24,424**	**4,281**	**28,705**
+ Tax effects of charges not relevant to the calculation of taxable income	1,100	3,289	4,389
- Tax effects of income not relevant to the calculation of taxable income	(118)	-	(118)
- Tax effects deriving from the use of tax losses from previous years	-	-	-
- Tax effects deriving from the application of substitute taxes	495	-	495
Amount corresponding to actual tax rate	**25,901**	**7,570**	**33,471**

Section 19 - Profit (Loss) from discontinued operations after tax - Item 280

19.1 Profit (Loss) from discontinued operations after tax: breakdown

No data to report.

19.2 Breakdown of income taxes on discontinued operations (assets/liabilities)

No data to report.

Part C - Information on the Income Statement (CONTINUED)

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 2009

(Amounts in Euro/millions)

ASSETS	31.12.2009
Cash and cash equivalents	5,914
Financial assets held for trading	6,352
Receivables from banks	203,963
Receivables from customers	51,665
Financial investments	83,833
Hedges	4,411
Property, plant and equipment	33
Goodwill	8,739
Other intangible assets	31
Tax assets	5,563
Other assets	2,452
Total assets	**372,956**

(Amounts in Euro/millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2009
Payables to banks	159,607
Customer deposits and securities	147,007
Financial liabilities held for trading	2,939
Hedges	5,045
Provisions for risks and charges	1,258
Tax liabilities	615
Other liabilities	2,393
Shareholders' equity	54,092
- capital and reserves	*53,958*
- valuation reserves, available-for-sale financial assets and cash-flow hedges	*83*
- net profit	*51*
Total liabilities and shareholders' equity	**372,956**

UniCredit S.p.A. - Reclassified income statement 2009

(Amounts in Euro/millions)

	31.12.2009
Net interest	(587)
Dividends and other income from equity investments	1,324
Interest margin	737
Net commissions	46
Income from trading, hedges and fair value	117
Balance of other income/expense	157
Income from brokerage and other income	**320**
EARNINGS MARGIN	**1,057**
Personnel expenses	(552)
Other administrative expenses	(537)
Recovery of expenses	73
Value adjustments to property, plant and equipment and intangible assets	(8)
Operating costs	**(1,024)**
GROSS OPERATING PROFIT	**33**
Provisions for risks and charges	(105)
Merger expenses	(17)
Net adjustments to receivables and to provisions for guarantees and commitments	(108)
Net profit from investments	(205)
GROSS PROFIT FROM CONTINUING OPERATIONS	**(402)**
Income tax for the period	453
NET PROFIT	**51**

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

Statement of Comprehensive Income

ITEMS	GROSS AMOUNT	INCOME TAX	NET AMOUNT
10. Profit (Loss) for the year			**51,880,863**
Other income items			
20. Available-for-sale financial assets:			
a) changes in fair value	(49,054)	15,854	(33,200)
b) reversal to income statement			
- adjustments for impairment	-	-	-
- profit/loss from disposal	(159,028)	2,186	(156,842)
c) other changes	-	-	-
30. Property, plant and equipment	-	-	-
40. Intangible assets	-	-	-
50. Foreign investment hedges:			
a) changes in fair value	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
60. Cash flow hedges:			
a) changes in fair value	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
70. Exchange differences:			
a) changes in value	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
80. Non current assets and discontinued operations:			
a) changes in fair value	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
90. Actuarial profits (losses) on defined benefit plans	-	-	-
100. Portion of valuation reserves of equity investments valued under shareholders' equity:			
a) changes in fair value	-	-	-
b) reversal to income statement			
- adjustments for impairment	-	-	-
- profit/loss from disposal		-	-
c) other changes	-	-	-
110. Total other income items	**(208,082)**	**18,040**	**(190,042)**
120. Comprehensive income (item 10+110)			**51,690,821**

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 be accompanied by maintenance of 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 2010, 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 within the limits set out by the legal regulations governing consumer credit.

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 services for the various product lines granted 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, also on the basis of any 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 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.
In its trading in over-the-counter derivatives in particular, the Treasury deals exclusively with bank counterparties.

2.3 Credit risk mitigation techniques

In order to mitigate risk in the various types of credit granting 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.
The margins between the value of the assets used as collateral and the credit line, also guarantee adequate risk mitigation even in the presence of changes in the value of liened assets.
Further mitigation is obtained from the systematic measurement of the value of the assets given as collateral (mark to market).

2.4 Impaired financial assets

Loans are classified as problem loans or non-performing loans 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 limited in amount 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 highly 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 exposures: values, value adjustments, trend, economic and geographical distribution

A.1.1 Breakdown of financial assets by portfolio and credit quality (book values)

PORTFOLIO/QUALITY	NON-PERFORMING LOANS	PROBLEM LOANS	EXPOSURES RESTRUCTURED	EXPOSURES OVERDUE	OTHER ASSETS	TOTAL
1. Financial assets held for trading	-	-	-	89	22,284	22,373
2. Available-for-sale financial assets	-	-	-	-	5,056	5,056
3. Financial assets held to maturity	-	-	-	-	-	-
4. Receivables from banks	-	-	-	-	10,067,146	10,067,146
5. Receivables from customers	2,945	369	-	665	739,595	743,574
6. Financial assets measured at fair value	-	-	-	-	-	-
7. Financial assets being disposed of	-	-	-	-	-	-
8. Hedge derivatives	-	-	-	-	50	50
Total 31 December 2010	**2,945**	**369**	**-**	**754**	**10,834,131**	**10,838,199**
Total 31 December 2009	**2,310**	**777**	**-**	**1,260**	**13,927,589**	**13,931,936**

A.1.2 Breakdown of exposures by portfolio and credit quality (gross and net values)

PORTFOLIO/QUALITY	IMPAIRED ASSETS			PERFORMING			TOTAL (NET EXPOSURE)
	EXPOSURE GROSS	ADJUSTMENTS SPECIFIC	EXPOSURE NET	EXPOSURE GROSS	ADJUSTMENTS TO PORTFOLIO	EXPOSURE NET	
1. Financial assets held for trading	89	-	89			22,284	22,373
2. Available-for-sale financial assets	-	-	-	5,056	-	5,056	5,056
3. Financial assets held to maturity	-	-	-	-	-	-	-
4. Receivables from banks	-	-	-	10,067,146	-	10,067,146	10,067,146
5. Receivables from customers	12,225	(8,246)	3,979	750,133	(10,538)	739,595	743,574
6. Financial assets measured at fair value	-	-	-			-	-
7. Financial assets being disposed of	-	-	-	-	-	-	-
8. Hedge derivatives	-	-	-			50	50
Total 31 December 2010	**12,314**	**(8,246)**	**4,068**	**10,822,335**	**(10,538)**	**10,834,131**	**10,838,199**
Total 31 December 2009	**11,089**	**(6,742)**	**4,347**	**13,907,862**	**(2,001)**	**13,927,589**	**13,931,936**

As at 31 December 2010, exposures relating to customers with performing loans did not include any loans subject to renegotiation under collective agreements.

Gross performing exposures totalling € 750,133 thousand (€ 739,595 thousand net of portfolio adjustments) break down as follows:
- performing loans (<90 days) of € 748,704 thousand, corresponding to 99.81% of total exposures;
- past due loans (90-180 days) of € 1,429 thousand, corresponding to 0.19% of total exposures.

A.1.3 Cash and off-balance-sheet exposures to banks: gross and net values

TYPE OF EXPOSURE/AMOUNT	EXPOSURE GROSS	ADJUSTMENTS TO SPECIFIC VALUE	ADJUSTMENTS TO PORTFOLIO VALUE	EXPOSURE NET
A. Cash exposures				
a) Non-performing loans	-	-		-
b) Problem loans	-	-		-
c) Restructured loans	-	-		-
d) Overdue loans	-	-		-
e) Other assets	10,078,210		-	10,078,210
Total	**10,078,210**	**-**	**-**	**10,078,210**
B. Off-balance sheet exposures				
a) Impaired	-	-		-
b) Other	42,376		-	42,376
Total	**42,376**	**-**	**-**	**42,376**

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 Cash and off-balance-sheet exposures to customers: gross and net values

TYPE OF EXPOSURE/AMOUNT	EXPOSURE GROSS	ADJUSTMENTS TO SPECIFIC VALUE	ADJUSTMENTS TO PORTFOLIO VALUE	EXPOSURE NET
A. Cash exposures				
a) Non-performing loans	9,694	(6,749)		2,945
b) Problem loans	1,058	(689)		369
c) Restructured loans	-	-		-
d) Overdue loans	1,473	(808)		665
e) Other assets	759,527		(10,538)	748,989
Total	**771,752**	**(8,246)**	**(10,538)**	**752,968**
B. Off-balance sheet exposures				
a) Impaired	89	-		89
b) Other	6,635		-	6,635
Total	**6,724**	**-**	**-**	**6,724**

Part E - Information on risks and hedging policies (Continued)

A.1.7 Cash exposures to customers: trend of gross impaired exposures

TYPE/CATEGORY	NON-PERFORMING LOANS	PROBLEM LOANS	EXPOSURES RESTRUCTURED	EXPOSURES OVERDUE
A. Opening gross exposure	**6,453**	**2,323**	**-**	**2,309**
of which: exposures transferred but not eliminated	-	-	-	-
B. Increases				
B.1 inflows from performing loans	260	2,613	-	5,303
B.2 transfers from other categories of impaired exposures	4,963	2,231	-	-
B.3 Other increases	230	751	-	647
C. Decreases				
C.1 outflows to performing loans	-	(179)	-	(945)
C.2 eliminations	(602)	(563)	-	(1)
C.3 collections	(1,589)	(1,162)	-	(3,585)
C.4 disposals	-	-	-	-
C.5 transfers to other categories of impaired exposures	-	(4,955)	-	(2,239)
C.6 other decreases	(21)	(1)		(16)
D. Closing gross exposure	**9,694**	**1,058**	**-**	**1,473**
of which: exposures transferred but not eliminated	-	-	-	-

A.1.8 Cash exposures to customers: trend in total value adjustments

TYPE/CATEGORY	NON-PERFORMING LOANS	PROBLEM LOANS	EXPOSURES RESTRUCTURED	EXPOSURES OVERDUE
A. Opening total adjustments	**4,143**	**1,546**	**-**	**1,053**
of which: exposures transferred but not eliminated	-	-	-	-
B. Increases				
B.1 value adjustments	2,495	885	-	469
B.2 transfers from other categories of impaired exposures	1,382	128	-	-
B.3 Other increases	-	-	-	-
C. Decreases				
C.1 writebacks from valuation	(307)	(31)	-	(170)
C.2 writebacks from collection	(362)	(94)	-	(215)
C.3 eliminations	(602)	(563)	-	(1)
C.4 transfers to other categories of impaired exposures	-	(1,182)	-	(328)
C.5 other decreases	-	-		-
D. Closing total adjustments	**6,749**	**689**	**-**	**808**
of which: exposures transferred but not eliminated	-	-	-	-

A.2 Classification of exposures based on external and internal ratings

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 2010, 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, trading in derivative products to cover banking-book interest rate positions and, to a residual extent, over-the-counter brokerage activity. These contracts were mainly entered into with the Parent Bank and leading bank counterparties with high credit standing.

A.2.1 Breakdown of cash and off-balance-sheet exposures by external rating class

	EXTERNAL RATING CLASSES							
EXPOSURES	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	LOWER THAN B-	NO RATING	TOTAL
A. Cash exposures	**4,950**	**10,071,624**	**4,006**	**95**	**5**	**23**	**750,481**	**10,831,184**
B. Derivatives								
B.1 Financial derivatives	858	198	-	-	-	-	5,964	7,020
B.2 Credit derivatives	-	-	-	-	-	-	-	-
C. Guarantees given	**-**	**10,081**	**-**	**-**	**-**	**-**	**31,061**	**41,142**
D. Commitments to disburse funds	**22**	**825**	**8**	**6**	**-**	**-**	**77**	**938**
Total	**5,830**	**10,082,728**	**4,014**	**101**	**5**	**23**	**787,583**	**10,880,284**

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 cash 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 cash exposures:				
1.1 fully secured	173,835	-	173,577	-
- of which impaired	-	-	-	-
1.2 partially secured	9,758	-	9,192	-
- of which impaired	-	-	-	-
2. Secured off-balance sheet exposures:				
2.1 fully 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 cash exposures:				
1.1 fully secured	215,839	500	200,759	13,876
- of which impaired	271	266	3	-
1.2 partially secured	5,990	-	5,741	17
- of which impaired	22	-	-	-
2. Secured off-balance sheet exposures:				
2.1 fully secured	370	-	370	-
- of which impaired	-	-	-	-
2.2 partially secured	40	-	39	-
- of which impaired	-	-	-	-

When the fair value of the real and personal guarantees shown in tables A.3.1 and A.3.2, is higher than the "Net exposure value", the presence of guarantees whose fair value has been reliably determined is also indicated in addition to the same.

B. Distribution and concentration of exposures

B.1 Breakdown of cash exposures and off-balance-sheet exposures to customers by sector (book values)

	GOVERNMENTS			OTHER PUBLIC ENTITIES		
EXPOSURE/COUNTERPARTY	NET EXPOSURE	SPECIFIC VALUE ADJUSTMENTS	PORTFOLIO VALUE ADJUSTMENTS	NET EXPOSURE	SPECIFIC VALUE ADJUSTMENTS	PORTFOLIO VALUE ADJUSTMENTS
A. Cash exposures						
A.1 Non-performing loans	-	-		-	-	
A.2 Problem loans	-	-		-	-	
A.3 Restructured loans	-	-		-	-	
A.4 Overdue loans	-	-		-	-	
A.5 Other exposures	9,068		-	2		-
TOTAL A	**9,068**	**-**	**-**	**2**	**-**	**-**
B. Off-balance sheet exposures						
B.1 Non-performing loans	-	-		-	-	
B.2 Problem loans	-	-		-	-	
B.3 Other impaired assets	-	-		-	-	
B.4 Other exposures	10		-	-		-
TOTAL B	**10**	**-**	**-**	**-**	**-**	**-**
TOTAL A + B 31 December 2010	**9,078**	**-**	**-**	**2**	**-**	**-**
TOTAL A + B 31 December 2009	**10,073**	**-**	**-**	**2**	**-**	**-**

	PERSONAL GUARANTEES (2)									
	CREDIT DERIVATIVES					UNSECURED LOANS				
		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)
	-	-	-	-	-	-	-	-	-	173,577
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	9,192
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

	PERSONAL GUARANTEES (2)									
	CREDIT DERIVATIVES					UNSECURED LOANS				
		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)
	-	-	-	-	-	-	-	-	37	215,172
	-	-	-	-	-	-	-	-	2	271
	-	-	-	-	-	-	-	-	22	5,780
	-	-	-	-	-	-	-	-	22	22
	-	-	-	-	-	-	-	-	-	370
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	39
	-	-	-	-	-	-	-	-	-	-

	FINANCIAL COMPANIES			INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER ENTITIES		
	NET EXPOSURE	SPECIFIC VALUE ADJUSTMENTS	PORTFOLIO VALUE ADJUSTMENTS	NET EXPOSURE	SPECIFIC VALUE ADJUSTMENTS	PORTFOLIO VALUE ADJUSTMENTS	NET EXPOSURE	SPECIFIC VALUE ADJUSTMENTS	PORTFOLIO VALUE ADJUSTMENTS	NET EXPOSURE	SPECIFIC VALUE ADJUSTMENTS	PORTFOLIO VALUE ADJUSTMENTS
	17	(42)		-	-		21	(60)		2,907	(6,647)	
	1	(2)		-	-		-	-		368	(687)	
	-	-		-	-		-	-		-	-	
	13	(19)		-	-		2	(3)		650	(786)	
	87,446		(229)	5,311		-	8,684		(4,989)	638,478		(5,320)
	87,477	**(63)**	**(229)**	**5,311**	**-**	**-**	**8,707**	**(63)**	**(4,989)**	**642,403**	**(8,120)**	**(5,320)**
	-	-		-	-		-	-		-	-	
	-	-		-	-		-	-		-	-	
	-	-		-	-		-			89	-	
	361		-	-		-	63	-	-	6,201		-
	361	**-**	**-**	**-**	**-**	**-**	**63**	**-**	**-**	**6,290**	**-**	**-**
	87,838	**(63)**	**(229)**	**5,311**	**-**	**-**	**8,770**	**(63)**	**(4,989)**	**648,693**	**(8,120)**	**(5,320)**
	74,533	**(44)**	**(19)**	**5,422**	**-**	**-**	**12,882**	**(46)**	**(37)**	**923,022**	**(6,652)**	**(1,946)**

Part E - Information on risks and hedging policies (Continued)

B.2 Breakdown of cash and off-balance-sheet exposures to customers by geographical area (book values)

EXPOSURE/ GEOGRAPHICAL AREA	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF WORLD	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. Cash exposures										
A.1 Non-performing loans	2,945	(6,749)	-	-	-	-	-	-	-	-
A.2 Problem loans	369	(689)	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	665	(808)	-	-	-	-	-	-	-	-
A.5 Other exposures	706,403	(10,538)	42,018	-	545	-	20	-	3	-
TOTAL	**710,382**	**(18,784)**	**42,018**	**-**	**545**	**-**	**20**	**-**	**3**	**-**
B. Off-balance sheet exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Problem loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	80	-	9	-	-	-	-	-	-	-
B.4 Other exposures	6,488	-	83	-	64	-	-	-	-	-
TOTAL	**6,568**	**-**	**92**	**-**	**64**	**-**	**-**	**-**	**-**	**-**
TOTAL 31 December 2010	**716,950**	**(18,784)**	**42,110**	**-**	**609**	**-**	**20**	**-**	**3**	**-**
TOTAL 31 December 2009	**994,939**	**(8,743)**	**30,361**	**-**	**510**	**-**	**12**	**-**	**113**	**-**

EXPOSURE/ GEOGRAPHICAL AREA	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTHERN ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. Cash exposures								
A.1 Non-performing loans	801	(1,798)	393	(993)	517	(1,240)	1,234	(2,718)
A.2 Problem loans	82	(152)	73	(135)	101	(191)	113	(211)
A.3 Restructured loans	-	-	-	-	-	-	-	-
A.4 Overdue loans	140	(181)	236	(322)	112	(126)	177	(179)
A.5 Other exposures	253,116	(3,101)	107,850	(1,394)	198,744	(3,313)	146,693	(2,730)
TOTAL	**254,139**	**(5,232)**	**108,552**	**(2,844)**	**199,474**	**(4,870)**	**148,217**	**(5,838)**
B. Off-balance sheet exposures								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Problem loans	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	80	-	-	-	-	-
B.4 Other exposures	2,715	-	1,148	-	1,577	-	1,048	-
TOTAL	**2,715**	**-**	**1,228**	**-**	**1,577**	**-**	**1,048**	**-**
TOTAL 31 December 2010	**256,854**	**(5,232)**	**109,780**	**(2,844)**	**201,051**	**(4,870)**	**149,265**	**(5,838)**
TOTAL 31 December 2009	**344,533**	**(2,584)**	**164,121**	**(1,570)**	**286,853**	**(1,683)**	**199,461**	**(2,906)**

B.3 Breakdown of cash 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 VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. Cash exposures										
A.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
A.2 Problem loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-	-	-
A.4 Overdue loans	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	10,070,882	-	7,226	-	74	-	-	-	28	-
TOTAL	**10,070,882**	**-**	**7,226**	**-**	**74**	**-**	**-**	**-**	**28**	**-**
B. Off-balance sheet exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Problem loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	40,705	-	1,648	-	20	-	-	-	3	-
TOTAL	**40,705**	**-**	**1,648**	**-**	**20**	**-**	**-**	**-**	**3**	**-**
TOTAL 31 December 2010	**10,111,587**	**-**	**8,874**	**-**	**94**	**-**	**-**	**-**	**31**	**-**
TOTAL 31 December 2009	**12,950,779**	**-**	**11,136**	**-**	**86**	**-**	**-**	**-**	**22**	**-**

EXPOSURE/ GEOGRAPHICAL AREA	NORTH-WEST ITALY		NORTH-EAST ITALY		NORTH-EAST ITALY		SOUTHERN ITALY AND ISLANDS	
	NET EXPOSURE	TOTAL VALUE ADJUSTMENT	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS	NET EXPOSURE	TOTAL VALUE ADJUSTMENTS
A. Cash exposures								
A.1 Non-performing loans	-	-	-	-	-	-	-	-
A.2 Problem loans	-	-	-	-	-	-	-	-
A.3 Restructured loans	-	-	-	-	-	-	-	-
A.4 Overdue loans	-	-	-	-	-	-	-	-
A.5 Other exposures	14,181	-	10	-	10,056,691	-	-	-
TOTAL	**14,181**	**-**	**10**	**-**	**10,056,691**	**-**	**-**	**-**
B. Off-balance sheet exposures								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Problem loans	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-
B.4 Other exposures	50	-	-	-	40,655	-	-	-
TOTAL	**50**	**-**	**-**	**-**	**40,655**	**-**	**-**	**-**
TOTAL 31 December 2010	**14,231**	**-**	**10**	**-**	**10,097,346**	**-**	**-**	**-**
TOTAL 31 December 2009	**24,790**	**-**	**3,312**	**-**	**12,918,448**	**-**	**4,229**	**-**

Part E - Information on risks and hedging policies (CONTINUED)

B.4 Significant exposures

On 27 December 2010, the Bank of Italy issued the 6th update to Circular no. 263 of 27 December 2006, which 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 exposures of a customer or a group of related customers, as defined by the regulations on credit and counterparty risk.

Previously, Circular no. 263 defined "significant exposures" as risk positions whose amount equalled or exceeded 10% of regulatory capital, where "risk position" meant the weighted exposure calculated on the basis of the rules specifically envisaged for risk concentration, considering the nature of the debtor counterparty and any collateral acquired.

As at 31 December 2010, the cash and off-balance-sheet exposures of customers or groups of related customers that represent "significant exposures" for FinecoBank amount to 4, whose exposure totalled € 10,182,308 thousand and relative weighted value amounted to € 30,220 thousand.
Note that "significant exposures" includes cash and off-balance-sheet exposures of the UniCredit Group, namely an exposure of € 10,062,160 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 eliminated

	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS MEASURED AT FAIR VALUE			AVAILABLE-FOR-SALE FINANCIAL ASSETS			FINANCIAL ASSETS HELD TO MATURITY		
TECHNICAL FORM/PORTFOLIO	A	B	C	A	B	C	A	B	C	A	B	C
A. Cash assets												
1. Debt securities												
2. Equity instruments												
3. UCIT units												
4. Loans												
B. Derivative instruments												
Total 31 December 2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
of which impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total 31 December 2009	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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 eliminated

LIABILITY/ASSET PORTFOLIO	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS MEASURED AT FAIR VALUE	AVAILABLE-FOR-SALE FINANCIAL ASSETS
1. Payables to customers			
a) from fully-recognised assets			
b) from partially-recognised assets			
2. Payables to banks			
a) from fully-recognised assets			
b) from partially-recognised assets			
Total 31 December 2010	**-**	**-**	**-**
Total 31 December 2009	**-**	**-**	**-**

C.3 Covered bond transactions

No data to report.

RECEIVABLES FROM BANKS			RECEIVABLES FROM CUSTOMERS			TOTAL
A	B	C	A	B	C	
	-	-	-	-	-	
624,570	-	-	-	-	-	624,570
						-
						-
						-
						-
624,570	**-**	**-**	**-**	**-**	**-**	**624,570**
-	-	-	-	-	-	-
1,173,013	**-**	**-**	**-**	**-**	**-**	**1,173,013**
-	-	-	-	-	-	-

FINANCIAL ASSETS HELD TO MATURITY	RECEIVABLES FROM BANKS	RECEIVABLES FROM CUSTOMERS	TOTAL
			-
	625,358		625,358
			-
			-
			-
-	**625,358**	**-**	**625,358**
-	**1,176,562**	**-**	**1,176,562**

Part E - Information on risks and hedging policies (CONTINUED)

D - Credit risk measurement models

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 debt securities issued by the Parent Bank securities and repurchase agreements entered into with the same. 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
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), capital 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 residual maturity (repricing date) of cash 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. Cash assets								
1.1 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	20	8,056	4,733	1,360	800	289	11	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities								
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	47	12	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	305,741	5	113	495	4	2	-
+ Short positions	327	305,151	36	153	472	4	2	-
3.2 Without underlying security								
- Options								
+ Long positions	-	19,668	94	310	-	-	-	-
+ Short positions	-	1,189	264	18,619	-	-	-	-
- Other derivatives								
+ Long positions	-	631,750	-	-	-	-	-	-
+ Short positions	-	641,284	-	-	-	-	-	-

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. Cash assets								
1.1 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	24	4	4	2	-	5	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities								
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	9	-	-	-	-	4	-
+ Short positions	-	4	-	-	-	-	9	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	534,329	-	-	-	-	-	-
+ Short positions	-	537,377	-	-	-	-	-	-

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. Cash assets								
1.1 Debt securities								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	10	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. Cash liabilities								
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	41	-	-	-	-	40	-
+ Short positions	-	40	-	-	-	-	40	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	455,992	-	-	-	-	-	-
+ Short positions	-	443,272	-	-	-	-	-	-

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	5	-	46	-	-	3	1
- short positions	-	-	47	-	-	-	-
B. Unsettled transactions on equity instruments							
- long positions	-	5,703	287,434	403	9,673	-	-
- short positions	-	5,703	287,433	403	9,673	-	-
C. Other derivatives on equity instruments							
- long positions	-	-	-	-	-	-	-
- short positions	-	-	-	139	-	-	-
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 31 December 2010, the daily Interest Rate VaR of FinecoBank's Trading Book amounted to € 6.7 thousand. On the same date, the equity VaR amounted to € 1.4 thousand.

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.

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.

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, and according to the economic value of shareholders' equity approach, from a medium-long term perspective, using a scenario of interest rate change of +/- 100 basis points.

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.

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 +/-100 basis points and +200 basis points in the interest rate on the market value of shareholders' equity.

Methodological aspects - Economic value of Shareholders' equity using VaR.

In addition to the deterministic approach of the shock of +200 basis points (or +/- 100 basis points) 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 250 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.
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.

Part E - Information on risks and hedging policies (CONTINUED)

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 2010, 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 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	12	1,400,123	120	1,700,014	5,056	-	-	-
1.2 Loans to banks	5,655,970	505,540	184,673	149,138	-	-	-	-
1.3 Loans to customers								
- current accounts	50,400	386	216	790	632	-	-	-
- other loans								
- with early redemption option	2,566	17,959	15,351	24,656	73,407	5,633	-	-
- other	49,732	342,295	207	11,158	156	-	-	-
2. Cash liabilities								
2.1 Payables to customers								
- current accounts	8,936,865	-	-	-	-	-	-	-
- other payables								
- with early redemption option	-	-	-	-	-	-	-	-
- other	30,482	679,813	-	18,665	-	-	-	-
2.2 Payables to banks								
- current accounts	148,246	-	-	-	-	-	9,174	-
- other payables	13	14,719	-	78,620	-	-	-	-
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	-	3,228,321	-	-	-	-	-	-
+ Short positions	-	3,118,066	10,787	19,897	79,572	-	-	-

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	-	-	-	-	-	-	-	-
1.2 Loans to banks	241,592	47,642	-	149,458	-	-	-	-
1.3 Loans to customers								
- current accounts	1,102	-	-	-	-	-	-	-
- other loans								
- with early redemption option	-	-	-	-	-	-	-	-
- other	1,975	22,297	-	2,982	-	-	-	-
2. Cash liabilities								
2.1 Payables to customers								
- current accounts	256,651	-	-	-	-	-	-	-
- other payables								
- with early redemption option	-	-	-	-	-	-	-	-
- other	2,582	30,102	-	-	-	-	-	-
2.2 Payables to banks								
- current accounts	-	-	-	-	-	-	-	-
- other payables	-	25,180	-	148,400	-	-	-	-
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	-	-	-	-	-	-	-	-

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	32,518	223	-	124	-	-	-	-
1.3 Loans to customers								
- current accounts	43	-	-	-	-	-	-	-
- other loans								
- with early redemption option	-	-	-	-	-	-	-	-
- other	438	1,630	-	24	-	-	-	-
2. Cash liabilities								
2.1 Payables to customers								
- current accounts	31,987	-	-	-	-	-	-	-
- other payables								
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	463	-	-	-	-	-	-
2.2 Payables to banks								
- current accounts	110	-	-	-	-	-	-	-
- 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.

(Amounts in Euro/millions)

VALUE ANALYSIS (SHIFT + 200 BP)	NET INTEREST ANALYSIS (SHIFT + 100 BP)	IRVAR*
+1	+1	0.438

*1 day holding period, 99% confidence level.

Interest rate risk indicators

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 €1 million as at 31 December 2010.
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 +€ 1 million.
The interest rate VaR figure for FinecoBank came to approximately € 438 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

EXPOSURE/PORTFOLIO	CURRENCIES					
	US DOLLAR	POUND STERLING	YEN	SWISS FRANC	AUSTRALIAN DOLLAR	OTHER CURRENCIES
A. Financial assets	**467,093**	**21,292**	**256**	**8,942**	**277**	**4,247**
A.1 Debt securities	39	10	-	-	-	1
A.2 Equity instruments	6	1	3	-	-	-
A.3 Loans to banks	438,691	20,316	190	7,937	277	4,144
A.4 Loans to customers	28,357	965	63	1,005	-	102
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**1,433**	**197**	**4,412**	**302**	**17**	**396**
C. Financial liabilities	**462,915**	**21,833**	**-**	**9,106**	**-**	**1,621**
C.1 Payables to banks	173,580	-	-	-	-	110
C.2 Payables to customers	289,335	21,833	-	9,106	-	1,511
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**3,253**	**70**	**-**	**17**	**16**	**10**
E. Financial derivatives						
- Options						
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives						
+ Long positions	534,329	41,584	238,117	99,892	21,640	54,759
+ Short positions	537,377	44,406	222,143	98,785	22,028	55,910
Total assets	**1,002,855**	**63,073**	**242,785**	**109,136**	**21,934**	**59,402**
Total liabilities	**1,003,545**	**66,309**	**222,143**	**107,908**	**22,044**	**57,541**
Imbalance	**(690)**	**(3,236)**	**20,642**	**1,228**	**(110)**	**1,861**

2. Internal models and other methods of sensitivity analysis

As at 31 December 2010, the daily Forex VaR of the overall portfolio (banking and trading books) was approximately € 262 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	31.12.2010 OVER THE COUNTER	31.12.2010 CENTRAL COUNTERPARTIES	31.12.2009 OVER THE COUNTER	31.12.2009 CENTRAL COUNTERPARTIES
1. Debt securities and interest rates				
a) Options	40,145	-	49,045	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	327	-	324
e) Other	-	-	-	-
2. Equity instruments and share indices				
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	139	-	116
e) Other	-	123	-	-
3. Currencies and gold				
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	6,044	-	5,097	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**46,189**	**589**	**54,142**	**440**
Average amounts	**41,374**	**514**	**1,640,839**	**818**

A.2 Banking book: notional year-end and average values

A.2.1 Hedges

UNDERLYING ASSET/TYPE OF DERIVATIVE	31.12.2010 OVER THE COUNTER	31.12.2010 CENTRAL COUNTERPARTIES	31.12.2009 OVER THE COUNTER	31.12.2009 CENTRAL COUNTERPARTIES
1. Debt securities and interest rates				
a) Options	-	-	-	-
b) Swaps	3,228,321	-	3,576,125	-
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	**3,228,321**	**-**	**3,576,125**	**-**
Average amounts	**3,582,807**	**-**	**4,738,510**	**-**

A.2.2 Other derivatives

No data to report.

A.3 Financial derivatives: positive fair value - breakdown by product

UNDERLYING ASSET/TYPE OF DERIVATIVE	POSITIVE FAIR VALUE			
	31.12.2010		31.12.2009	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
A. Regulatory trading book				
a) Options	4	-	18	-
b) Interest rate swaps	-	-	-	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	24	-	111	-
f) Futures	-	2	-	-
g) Other	-	3	-	-
B. Banking book - hedges				
a) Options	-	-	-	-
b) Interest rate swaps	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	**78**	**5**	**129**	**-**

A.4 Financial derivatives: negative fair value - breakdown by product

UNDERLYING ASSET/TYPE OF DERIVATIVE	NEGATIVE FAIR VALUE			
	31.12.2010		31.12.2009	
	OVER THE COUNTER	CENTRAL COUNTERPARTIES	OVER THE COUNTER	CENTRAL COUNTERPARTIES
A. Regulatory trading book				
a) Options	4	-	15	-
b) Interest rate swaps	-	-	-	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	3	-	4	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
B. Banking book - hedges				
a) Options	-	-	-	-
b) Interest rate swaps	79,943	-	114,640	-
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	**79,950**	**-**	**114,659**	**-**

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

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	-	-	38,719	1,427	-	-	-
- positive fair value	-	-	-	4	-	-	-
- negative fair value	-	-	4	-	-	-	-
- future exposure	-	-	-	-	-	-	-
2. Equity instruments and share indices							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
3. Currencies and gold							
- notional value	-	-	6,044	-	-	-	-
- positive fair value	-	-	24	-	-	-	-
- negative fair value	-	-	3	-	-	-	-
- future exposure	-	-	60	-	-	-	-
4. Other instruments							
- notional value	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

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	-	-	3,228,321	-	-	-	-
- positive fair value	-	-	50	-	-	-	-
- negative fair value	-	-	79,943	-	-	-	-
- future exposure	-	-	398	-	-	-	-
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	40,145	-	-	40,145
A.2 Financial derivatives on equity instruments and share indices	-	-	-	-
A.3 Financial derivatives on exchange rates and gold	6,044	-	-	6,044
A.4 Financial derivatives on other instruments	-	-	-	-
B. Banking book				
B.1 Financial derivatives on debt securities and interest rates	598,749	2,179,572	450,000	3,228,321
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 2010	**644,938**	**2,179,572**	**450,000**	**3,274,510**
Total al 31 December 2009	**443,805**	**2,586,462**	**600,000**	**3,630,267**

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 by 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 association 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.
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 bonds	-	-	-	-	4	3,531	2	5,200	286	-
A.2 Debt securities	-	-	-	38	150,072	151	650,257	1,903,639	407,498	-
A.3 UCIT units	5	-	-	-	-	-	-	-	-	-
A.4 Loans										
- Banks	5,656,433	30,644	25,085	60,191	200,489	184,673	149,138	-	-	188,669
- Customers	121,155	76,606	181,868	7,691	73,672	15,984	37,056	76,069	5,851	-
Cash liabilities										
B.1 Deposits and current accounts										
- Banks	148,246	-	-	-	-	-	-	-	9,174	-
- Customers	8,936,865	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	30,495	101,855	62,542	101,428	428,707	-	97,332	12	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	930,862	-	6,067	343	3	114	636	85	-
- Short positions	327	946,271	-	-	-	34	178	613	6	-
C.2 Financial derivatives without exchange of capital										
- Long positions	6	-	-	95	9,549	14,503	20,149	-	-	-
- Short positions	4	-	-	10,653	8,130	165	37,965	-	-	-
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: 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 bonds	-	-	-	-	25	-	-	2	9	-
A.2 Debt securities	-	-	-	-	-	-	4	-	-	-
A.3 UCIT units	1	-	-	-	-	-	-	-	-	-
A.4 Loans										
- Banks	241,592	-	-	-	47,642	-	149,658	-	-	-
- Customers	3,908	7,221	4,099	1,347	8,799	-	2,982	-	-	-
Cash liabilities										
B.1 Deposits and current accounts										
- Banks	-	-	-	-	25,180	-	148,400	-	-	-
- Customers	256,651	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	2,582	3,192	2,950	7,568	16,393	-	-	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	534,338	-	-	-	-	-	-	4	-
- Short positions	-	536,464	-	916	-	-	-	-	9	-
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	-	-	-	-	-	-	-	-	-	-

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 bonds	-	-	-	-	-	-	-	-	10	-
A.2 Debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCIT units	-	-	-	-	-	-	-	-	-	-
A.4 Loans										
- Banks	32,530	210	-	-	-	-	124	-	-	-
- Customers	502	96	420	532	561	-	24	-	-	-
Cash liabilities										
B.1 Deposits and current accounts										
- Banks	110	-	-	-	-	-	-	-	-	-
- Customers	31,987	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	274	40	87	61	-	-	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	456,033	-	-	-	-	-	-	40	-
- Short positions	-	438,184	-	5,128	-	-	-	-	40	-
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 Type defined by the provisions of the New Basel Capital Accord and implemented by the New prudential regulatory provisions for banks issued by the Bank of Italy in December 2006 (Circular no. 263):
- 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

Group framework for the management of operational risks

The recognition, measurement, control and management of operational risk is carried out according to the control policies and procedures established by the *Group framework for the management of operational risks*.
Said policies are illustrated in detail in FinecoBank's Manual of Operational Risk approved by the Board of Directors.

The main activities carried out by the Risk Management office and described in the Manual 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.

In particular, all of the activities described became operational during the year in line with a plan aimed to prevent and reduce losses.
This plan currently involves various areas of FinecoBank (business divisions, Information & Communication Technology) and the various control bodies in order to ensure the adequate implementation of the same.

Operational risk measurement

Operational risk is measured internally by means of:
- scenario analyses
- Key Risk Indicator (KRI)
- remote control of sales channels
- collecting data on losses

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.

At present, there are 41 risk indicators broken down into nine control areas, 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.

Furthermore, around 40 risk indicators have been set in place for the remote control of sales channels.
The spot measurement of operational losses, broken down into event type and segment, entails the uploading, validation and control of the same in the data gathering system managed by the Parent Bank called ARGO (Application for Risk Gauging on line).
In addition to internal prevention and improvement, the information gathered is fundamental to the calculation of I and II pillar capital requirements.

Calculating capital requirements
As of 30 June 2010, FinecoBank has been authorised to 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 maintain the level required by law for companies authorised to use the AMA method, a detailed and complex document has been drawn up, called the Annual Report, which is validated by both the Internal Audit function, and by a new and specific group department called GIV (Group Internal Validation), which has highlighted the presence of good risk control.

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.

QUANTITATIVE INFORMATION

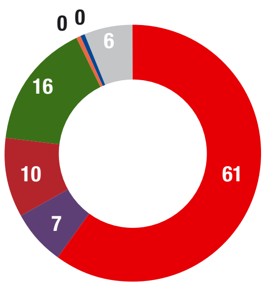
Internal operating loss data is the main component used to calculate capital requirements against operational risk; at the same time, loss analyses enable the ORM (Operational Risk Management) function to make assessments on FinecoBank's exposure to operational risk and to identify any critical areas.

Capital absorption calculated by means of the new I Pillar allocation mechanism is € 45,563 thousand.

As at 31 December 2010, operating losses recorded in the accounts amounted to € 11.4 million.
The losses calculated with the ORM method amounted to € 23.6 million. This method, unlike the accounting one, does not consider the recoveries made on losses and attributes the positive value of writebacks at the date the provision was created, unlike the accounting method which benefits from the positive effect of writebacks in the quarter in which they occur.

The following graph shows the breakdown, according to the ORM method, of operating losses by the event types established in the New Basel 2 Agreement, which generated them:

Breakdown of operating losses in 2010 by Event Type



- **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 2010, the main sources of operating loss were Internal fraud (61%) and Customers, products and professional practices (16%). 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 or, in some cases, embezzlement.

Part F - Information on shareholders' equity

Part F - Information on shareholders' equity

(Amounts in Euro/000)

Section 1 - Bank's shareholders' equity

A. QUALITATIVE INFORMATION

Shareholders' equity is the first line of defence against risks associated with banking activity.
It is calculated on a quarterly basis in accordance with supervisory regulations by the Financial Statement Administration and Supervisory Body Reporting Division. The results are reported to the Parent Bank's Board of Directors.

B. QUANTITATIVE INFORMATION

B.1 Bank's shareholders' equity: breakdown

	31.12.2010	31.12.2009
1. Share capital	200,070	200,070
2. Share premiums	1,934	1,934
3. Reserves		
- of profits		
a) legal	16,795	14,603
b) statutory	-	-
c) own shares	-	-
d) other	93,342	91,499
- other	-	-
4. Equity instruments	-	-
5. (Own shares)	-	-
6. Valuation reserves		
- Available-for-sale financial assets	(33)	157
7. Profit (Loss) for the year	51,881	43,843
Total	**363,989**	**352,106**

B.2 Valuation reserves of available-for-sale financial assets: breakdown

	31.12.2010		31.12.2009	
ASSET/AMOUNT	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	-	(33)	-	-
2. Equity instruments	-	-	157	-
3. UCIT units	-	-	-	-
4. Loans	-	-	-	-
Total	**-**	**(33)**	**157**	**-**

B.3 Valuation reserves of available-for-sale financial assets: changes over the year

	DEBT SECURITIES	EQUITY INSTRUMENTS	UCIT UNITS	LOANS
1. Opening balance	**-**	**157**	**-**	**-**
2. Increases				
2.1 Increases in fair value	-	-	-	-
2.2 Reversal to income statement of negative reserves				
- from impairment	-	-	-	-
- from disposal	-	-	-	-
2.3 Other increases	-	-	-	-
3. Decreases				
3.1 Decreases in fair value	(33)	-	-	-
3.2 Adjustments for impairment	-	-	-	-
3.3 Reversal to income statement of positive reserves	-	-	-	-
- from disposal		(157)		
3.4 Other decreases	-	-	-	-
4. Closing balance	**(33)**	**-**	**-**	**-**

Section 2 - Regulatory capital and ratios

2.1 Regulatory capital

As at 31 December 2010, the Bank's regulatory capital stood at € 232,168 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

	31.12.2010	31.12.2009
Tier 1 capital	232,168	225,745
Tier 2 capital	-	78
Elements to deduct	-	-
Regulatory capital	**232,168**	**225,823**

1. Tier 1 capital

The positive elements of Tier 1 capital are represented by the share capital, made up of no. 606,274,033 ordinary shares of a nominal value of € 0.33 each, the reserves and the share of the profit for the financial year ended on 31 December 2010, amounting to € 2,979 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.
The prudential filter relating to the economic benefit, net of the relative tax, of the tax redemption of goodwill (art. 15 of Law Decree no. 185/2008 converted through Law no. 2 of 28 January 2009), amounting to € 844 thousand, has been deducted from Tier 1 capital.

2. Tier 2 capital

No data to report.

3. Tier 3 capital

No data to report.

Note that on 18 May 2010, the Bank of Italy issued new provisions on the treatment, for the purpose of calculating regulatory capital (prudential filters), of valuation reserves relating to debt securities held in the "Available-for-Sale Financial Assets" portfolio.
In particular, as an alternative to the full deduction of net capital losses from Tier 1 and the inclusion of 50% of net capital gains in Tier 2, according to the asymmetrical approach currently in force, the possibility of fully neutralising the capital gains and losses recognised in the cited reserves subsequent to 31 December 2009 has been acknowledged, restricted to debt securities issued by the Central administrations of European Union Member States.
On 28 June 2010, the Bank indicated its decision to the Bank of Italy through the Parent Bank, UniCredit, availing itself of the above-cited faculty, which was therefore applied as of the calculation of regulatory capital relating to 30 June 2010.

Part F - Information on shareholders' equity (Continued)

B. QUANTITATIVE INFORMATION

	31.12.2010	31.12.2009
A. Tier 1 capital before the application of prudential filters	**233,012**	**226,729**
B. Prudential filters of Tier 1 capital		
B.1 Positive IAS/IFRS prudential filters	-	-
B.2 Negative IAS/IFRS prudential filters	(844)	(984)
C. Tier 1 capital before elements to deduct (A+B)	**232,168**	**225,745**
D. Elements to deduct from Tier 1 capital	-	-
E. Total Tier 1 capital (TIER 1) (C - D)	**232,168**	**225,745**
F. Tier 2 capital before the application of prudential filters	**-**	**157**
G. Prudential filters of Tier 2 capital		
G.1 Positive IAS/IFRS prudential filters	-	-
G.2 Negative IAS/IFRS prudential filters	-	(79)
H. Tier 2 capital before elements to deduct (F + G)	**-**	**78**
I. Elements to deduct from Tier 2 capital	-	-
L. Total Tier 2 capital (TIER 2) (H - I)	**-**	**78**
M. Elements to deduct from Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E + L - M)	**232,168**	**225,823**
O. Tier 3 capital	-	-
P. Regulatory capital including Tier 3 (N + O)	**232,168**	**225,823**

2.2 Capital adequacy

A. QUALITATIVE INFORMATION

Prudential regulatory requirements have been established by applying the current provisions of Basel II standard method. From 30 June 2010, FinecoBank has calculated 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 the standardised Basel II method.

B. QUANTITATIVE INFORMATION

CATEGORY/AMOUNT	UNWEIGHTED AMOUNTS 31.12.2010	UNWEIGHTED AMOUNTS 31.12.2009	WEIGHTED AMOUNTS 31.12.2010	WEIGHTED AMOUNTS 31.12.2009
A. RISK ASSETS				
A.1 Credit and counterparty risk	**10,863,870**	**13,534,315**	**624,374**	**927,945**
1. Standard approach	10,863,870	13,534,315	624,374	927,945
2. Internal rating method	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisations	-	-	-	-
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**49,950**	**74,236**
B.2 Market risk			**2,258**	**1,583**
1. Standard approach			2,258	1,583
2. Internal models			-	-
3. Concentration risk			-	-
B.3 Operational risk			**42,563**	**51,538**
1. Basic method			-	51,538
2. Standard approach			-	-
3. Advanced method			42,563	-
B.4 Other prudential requirements			**-**	**-**
B.5 Other calculation elements			**30,314**	**(31,839)**
B.6 Total prudential requirements			**125,085**	**95,518**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			1,563,567	1,193,974
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			14.85%	18.91%
C.3 Regulatory capital including Tier 3/Risk-weighted assets (Total capital ratio)			14.85%	18.91%

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 - Combination transactions involving businesses or business divisions

Section 1 - Transactions undertaken during the year

No information to report.

Section 2 - Transactions undertaken after year-end

No information to report.

Section 3 - Retrospective adjustments

No information to report.

Part H - Transactions with related parties

Part H - Transactions with related parties

(Amounts in Euro/000)

1. Information on fees for directors and executives

"Key management personnel" refers to directors and executives with strategic responsibilities as regards planning, management and control of FinecoBank's activities.

	31.12.2010	31.12.2009
Fees paid to "Strategic Executives" and Directors		
a) short-term benefits	1,700	2,299
b) post-termination benefits	69	66
of which related to defined benefit plans	*69*	*66*
c) other long-term employee benefits	7	7
TOTAL	**1,776**	**2,372**

2. Information on transactions with related parties

In order to ensure constant compliance with current legal provisions and regulations governing company disclosure of information concerning transactions with related parties, FinecoBank identifies such transactions separately.
In this respect, in accordance with the instructions given by the Parent Bank, the criteria for identifying the transactions completed with related parties were defined, in line with the indications supplied by Consob.
The transactions in question were usually carried out at 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 2010, separately identified depending on the type of related party pursuant to IAS 24:

	BALANCES AT 31 DECEMBER 2010			
	JOINT VENTURES NOT CONSOLIDATED	ASSOCIATED COMPANIES	DIRECTORS AND STRATEGIC EXECUTIVES	OTHER RELATED PARTIES
Financial assets held for trading	-	-	-	-
Financial assets measured at fair value	-	-	-	-
Receivables from banks	-	-	-	-
Receivables from customers	-	-	6	2,191
Other assets	-	-	-	-
Total assets	**-**	**-**	**6**	**2,191**
Payables to banks	-	-	-	-
Payables to customers	-	-	436	11,514
Financial liabilities held for trading	-	-	-	-
Tax liabilities	-	-	-	-
Other liabilities	-	-	-	14
Total liabilities	**-**	**-**	**436**	**11,528**
Guarantees given and commitments	**-**	**-**	**-**	**-**

As regards the above transactions, detail of the impact on the main items of the income statement, by type of related party, is provided below:

	2010 INCOME STATEMENT			
	JOINT VENTURES NOT CONSOLIDATED	ASSOCIATED COMPANIES	DIRECTORS AND STRATEGIC EXECUTIVES	OTHER RELATED PARTIES
Interest income and similar income	-	-	-	-
Interest expense and similar expense	-	-	(5)	(12)
Commission income	-	-	5	8,709
Commission expense	-	-	-	(80)
Net adjustments/writebacks due to impairment of:	-	-	-	-
a) receivables	-	-	-	-
b) available-for-sale financial assets	-	-	-	-
c) financial assets held to maturity	-	-	-	-
Operating costs	-	-	-	1

Note that the "Directors and strategic executives" category includes FinecoBank's directors and top management ("key management personnel").
The "Other related parties" category includes data relating to the companies controlled by "Key management personnel", as well as the data relating to employee Pension Funds or any entity related to the same.

Note that "Other related parties" also includes figures as at 31 December 2010 and the income statement for 2010 as regards Fineco Leasing S.p.A., insofar as the same is a company controlled by FinecoBank directors; the same Fineco Leasing S.p.A. has also been included as a UniCredit Group company in subsequent pages.

Transactions with the parent bank and other UniCredit Group companies

TOTAL TRANSACTIONS WITH UNICREDIT GROUP COMPANIES	31 DECEMBER 2010
Assets	
Item "Financial assets held for trading"	7,772
Item "Receivables from banks"	10,045,807
Item "Receivables from customers"	4,313
Item "Hedge derivatives"	50
Item "Other assets"	4,267
Liabilities	
Item "Payables to banks"	318,109
Item "Payables to customers"	7,935
Item "Financial liabilities held for trading"	112
Item "Hedge derivatives"	79,774
Item "Tax liabilities"	(19,096)
Item "Other liabilities"	4,946
Guarantees	
Item "Guarantees given"	10,081
Income statement	
Item "Interest income and similar income"	150,119
Item "Interest expense and similar expense"	(25,923)
Item "Commission income"	33,211
Item "Commission expense"	(5,013)
Item "Net income from trading activities"	415
Item "Net income from hedging activities"	34,143
Item "Administrative expenses"	(17,526)
Item "Other operating income/expense"	414

Part H - Transactions with related parties (Continued)

The following table summarises transactions with UniCredit Group companies as at 31 December 2010:

COMPANY	ASSETS	LIABILITIES	GUARANTEES	INCOME STATEMENT
UniCredit S.p.A.	10,054,616	375,181	10,081	153,856
Family Credit Network S.p.A.	39	5,626	-	25
UniCredit MedioCredito Centrale S.p.A.	13	-	-	1
UniCredit Bank Ireland p.l.c.	-	18	-	(18)
Bayerische Vereinsbank AG	116	10	-	649
UniCredit Bank AG	395	4,667	-	7,430
Direktanlage.AT AG	11	495	-	66
Dab Bank AG	90	1,289	-	549
UniCredit Audit S.C.p.A.	-	-	-	(2,429)
Pioneer Investment Management S.g.r. S.p.A.	4,022	240	-	21,181
Pioneer AM SA Luxemburg	84	-	-	528
Fineco Leasing S.p.A.	-	1,534	-	653
UniCredit Business Partner S.C.p.A.	1	-	-	(632)
CORDUSIO Società Fiduciaria per Azioni	109	359	-	(60)
UniCredit Real Estate S.C.p.A.	2,559	1,547	-	(9,429)
UniCredit Global Information Services S.C.p.A.	11	35	-	(2,962)
Localmind S.p.A.	18	776	-	(134)
Pioneer Alternative Investment Management S.g.r. S.p.A.	104	-	-	427
Quercia Software S.p.A.	-	-	-	57
Locat S.p.A.	1	-	-	9
UniCredit Credit Management Service S.r.l.	12	-	-	47
Unimanagement S.r.l.	-	3	-	(26)
UniCredit Factoring S.p.A.	5	-	-	6
UniCredit Luxemboug Finance SA	-	-	-	27
Pioneer Global Funds Distributor LTD	3	-	-	18
Total	**10,062,209**	**391,780**	**10,081**	**169,839**

The following tables contain a breakdown of the items relating to Assets, Liabilities, Costs and Revenue for each individual Group company.

Transactions with parent bank

TRANSACTIONS WITH UNICREDIT S.P.A.	
Assets	
Item “Financial assets held for trading”	7,559
Item “Receivables from banks”	10,045,522
Item “Other assets”	1,535
Liabilities	
Item “Payables to banks”	312,757
Item “Hedge derivatives”	78,776
Item “Tax liabilities”	(19,096)
Item “Other liabilities”	2,744
Guarantees	
Item “Guarantees given”	10,081
Income statement	
Item “Interest income and similar income”	149,912
Item “Interest expense and similar expense”	(24,360)
Item “Commission income”	1,167
Item “Commission expense”	(4,327)
Item “Net income from trading activities”	(379)
Item “Net income from hedging activities”	33,590
Item “Administrative expenses”	(1,747)

Transactions with companies controlled by UniCredit S.p.A.

TRANSACTIONS WITH FAMILY CREDIT NETWORK S.P.A.	
Assets	
Item “Other assets”	39
Liabilities	
Item “Payables to customers”	5,626
Income statement	
Item “Interest expense and similar expense”	(18)
Item “Commission income”	4
Item “Other operating income/expense”	39

TRANSACTIONS WITH UNICREDIT MEDIOCREDITO CENTRALE S.P.A.	
Assets	
Item “Financial assets held for trading”	1
Item “Receivables from banks”	12
Income statement	
Item “Interest income and similar income”	1

TRANSACTIONS WITH UNICREDIT BANK IRELAND P.L.C.	
Liabilities	
Item “Other liabilities”	18
Income statement	
Item “Commission expense”	(18)
Item “Net income from trading activities”	

TRANSACTIONS WITH BAYERISCHE VEREINSBANK AG	
Assets	
Item “Financial assets held for trading”	111
Item “Other assets”	5
Liabilities	
Item “Financial liabilities held for trading”	10
Income statement	
Item “Commission income”	621
Item “Net income from trading activities”	28

TRANSACTIONS WITH UNICREDIT BANK AG	
Assets	
Item “Receivables from banks”	273
Item “Hedge derivatives”	50
Item “Other assets”	72
Liabilities	
Item “Payables to banks”	3,669
Item “Hedge derivatives”	998
Income statement	
Item “Interest income and similar income”	206
Item “Interest expense and similar expense”	(1,526)
Item “Commission income”	8,143
Item “Commission expense”	(5)
Item “Net income from hedging activities”	552
Item “Other operating income/expense”	60

Part H - Transactions with related parties (CONTINUED)

TRANSACTIONS WITH DIREKTANLAGE.AT AG	
Assets	
Item "Financial assets held for trading"	11
Liabilities	
Item "Payables to banks"	484
Item "Financial liabilities held for trading"	11
Income statement	
Item "Interest expense and similar expense"	(1)
Item "Commission expense"	(20)
Item "Net income from trading activities"	87

TRANSACTIONS WITH DAB BANK AG	
Assets	
Item "Financial assets held for trading"	90
Liabilities	
Item "Payables to banks"	1,198
Item "Financial liabilities held for trading"	91
Income statement	
Item "Interest expense and similar expense"	(5)
Item "Commission expense"	(125)
Item "Net income from trading activities"	679

TRANSACTIONS WITH UNICREDIT AUDIT S.C.P.A.	
Income statement	
Item "Commission income"	1
Item "Administrative expenses"	(2,430)

TRANSACTIONS WITH PIONEER INVESTMENT MANAGEMENT S.G.R. S.P.A.	
Assets	
Item "Receivables from customers"	4,021
Item "Other assets"	1
Liabilities	
Item "Other liabilities"	240
Income statement	
Item "Interest expense and similar expense"	-
Item "Commission income"	21,381
Item "Commission expense"	(200)

TRANSACTIONS WITH PIONEER AM SA LUXEMBOURG	
Assets	
Item "Receivables from customers"	84
Income statement	
Item "Commission income"	528

TRANSACTIONS WITH FINECO LEASING S.P.A.	
Liabilities	
Item "Payables to customers"	1,534
Income statement	
Item "Interest expense and similar expense"	(6)
Item "Commission income"	659

TRANSACTIONS WITH UNICREDIT BUSINESS PARTNER S.C.P.A.	
Assets	
Item "Other assets"	1
Income statement	
Item "Commission income"	4
Item "Administrative expenses"	(636)

TRANSACTIONS WITH CORDUSIO SOCIETÀ FIDUCIARIA PER AZIONI	
Assets	
Item "Receivables from customers"	101
Item "Other assets"	8
Liabilities	
Item "Other liabilities"	359
Income statement	
Item "Commission income"	211
Item "Commission expense"	(318)
Item "Administrative expenses"	47

TRANSACTIONS WITH UNICREDIT REAL ESTATE S.C.P.A.	
Assets	
Item "Other assets"	2,559
Liabilities	
Item "Other liabilities"	1,547
Income statement	
Item "Commission income"	1
Item "Administrative expenses"	(9,648)
Item "Other operating income/expense"	218

TRANSACTIONS WITH UNICREDIT GLOBAL INFORMATION SERVICES S.C.P.A.	
Assets	
Item "Other assets"	11
Liabilities	
Item "Other liabilities"	35
Income statement	
Item "Commission income"	8
Item "Administrative expenses"	(2,970)

TRANSACTIONS WITH LOCALMIND S.P.A.	
Assets	
Item "Other assets"	18
Liabilities	
Item "Payables to customers"	776
Income statement	
Item "Interest expense and similar expense"	(6)
Item "Administrative expenses"	(168)
Item "Other operating income/expense"	40

TRANSACTIONS WITH PIONEER ALTERNATIVE INVESTMENT MANAGEMENT S.G.R. S.P.A.	
Assets	
Item "Receivables from customers"	104
Income statement	
Item "Commission income"	427

Part H - Transactions with related parties (Continued)

TRANSACTIONS WITH QUERCIA SOFTWARE S.P.A.	
Income statement	
Item “Other operating income/expense”	57

TRANSACTIONS WITH LOCAT S.P.A.	
Assets	
Item “Other assets”	1
Income statement	
Item “Commission income”	9

TRANSACTIONS WITH UNICREDIT CREDIT MANAGEMENT SERVICE S.R.L.	
Assets	
Item “Other assets”	12
Income statement	
Item “Administrative expenses”	47

TRANSACTIONS WITH UNIMANAGEMENT S.R.L.	
Liabilities	
Item “Other liabilities”	3
Income statement	
Item “Administrative expenses”	(26)

TRANSACTIONS WITH UNICREDIT FACTORING S.P.A.	
Assets	
Item “Other assets”	5
Income statement	
Item “Administrative expenses”	6

TRANSACTIONS WITH UNICREDIT LUXEMBOURG FINANCE SA	
Income statement	
Item “Commission income”	27

TRANSACTIONS WITH PIONEER GLOBAL FUNDS DISTRIBUTOR LTD	
Assets	
Item “Receivables from customers”	3
Income statement	
Item “Commission income”	18

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

Description of share-based payments based on own equity instruments

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;
- **Performance Shares** allocated to selected beneficiaries, namely Top and Senior Management and Key Personnel, represented by free ordinary shares of UniCredit which the Parent Bank undertakes to allocate, subject to the achievement of pre-established performance objectives, at Group and individual business division level, in the Strategic Plan approved and, if need be, amended by the Board of Directors of the Parent Bank;
- **Employee Share Ownership Plan (ESOP),** which offers Group 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.

2. Valuation model

2.1 Stock Option

The economic value of the 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.

In 2010, no new Stock Option plans were allocated.

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.

In 2010, no new Performance Share plans were allocated.

2.3 Employee Share Ownership Plan

For both Discount Shares and Matching Shares (or the right to receive them), the unit value is 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 values and the parameters for Discount Shares and Matching Shares (or the right to receive them) relating to the ESOP plans approved in 2008 and 2009.

Valuation of Discount Shares ESOP 2009

	DISCOUNT SHARE
Date of allocation of Discount Shares to Group employees	14 Jan 2011
Start of Vesting period	1 Jan 2010
End of Vesting period	31 Dec 2010
Unit Fair Value of Discount Share [€]	1.880

Valuation of Discount Shares ESOP 2009

	MATCHING SHARE
Date of allocation of Matching Shares (or relative rights) to Group employees	14 Jan 2011
Start of Vesting period	1 Jan 2011
End of Vesting period	31 Dec 2013
Unit Fair Value of Matching Share (or of relative right) [€]	1.880

As regards the ESOP plan approved in 2009:
- any impact on the balance sheet or income statement related to Discount Shares has been recognised in financial year 2010 (except for adjustments, to the terms of the Regulations, to be implemented in 2011);
- 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 2011-2013.

B. QUANTITATIVE INFORMATION

Impact on Economic 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

	31.12.2010		31.12.2009	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
Expenses	145		68	
- related to Equity Settled Plans	*145*		*68*	
- related to Cash Settled Plans [1]	-		-	
Payables paid to UniCredit S.p.A. for vested plans		131		50
Payables accrued towards UniCredit S.p.A.	405		392	

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.

For whatever life brings

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 31 December 2010 (fees net of VAT and expenses)

(amounts in euro)

TYPE OF SERVICE	ENTITY PROVIDING THE SERVICE	FEES
Auditing	KPMG S.p.A.	230,070
Certification of tax models	KPMG S.p.A.	9,570
Total		**239,640**

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