BANCA FINNAT

GRUPPO BANCA FINNAT EURAMERICA

CONSOLIDATED HALF-YEARLY REPORT AT 30 JUNE 2010

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COMPANY OFFICERS

BOARD OF DIRECTORS

Carlo Carlevaris
Honorary Chairman

Giampietro Nattino
Chairman

Angelo Nattino
Deputy Chairman

Tommaso Gozzetti
Deputy Chairman

Arturo Nattino
Managing Director

Ermanno Boffa
Director

Leonardo Buonvino
Director

Francesco Caltagirone
Director

Enrico Laghi (*)
Director

Ettore Quadrani
Director

Lupo Rattazzi
Director

BOARD OF STATUTORY AUDITORS

Mario Sica
Chairman

Alessandro De' Micheli
Regular auditor

Francesco Minnetti
Regular auditor

Maurizio Lauri
Alternate auditor

Antonio Staffa
Alternate auditor

MANAGEMENT

Andrea Crovetto
General Manager

Paolo Collettini
Assistant General Manager
Manager in charge of preparing the accounting documents

AUDITING FIRM
KPMG S.p.A.

(*) Mr. Enrico Laghi handed in his resignation on 30 April 2010.

NOTES TO ACCOMPANY THE CONSOLIDATED HALF-YEARLY REPORT

The consolidated half-yearly report is prepared in accordance with article 154-*ter*, paragraph 2, of Legislative Decree 195 of 6 November 2007, in implementation of EC Directive 2004/109/EC (Transparency Directive). This article states that within sixty days of the closing of the first half-year of the period, the listed issuers must publish a half-yearly report (together with the audit report, if prepared) including:

- the abbreviated half-yearly financial statements, drawn up in compliance with international accounting standards and in consolidated form if the listed issuer is obligated to prepare consolidated financial statements;

- interim report on operations, including reference to any relevant events that occurred in the first six months of the period and their impact on the abbreviated consolidated half-yearly financial statements with a description of the primary risks and uncertainties for the remaining six months of the period, as well as information on any material transactions with related parties;

- declaration of the manager in charge of preparing corporate reports and accounting documents.

In compliance with what is set forth by paragraph 2 of article 154-*ter* of the Consolidated Finance Act, Banca Finnat Group's consolidated half-yearly financial statements include:

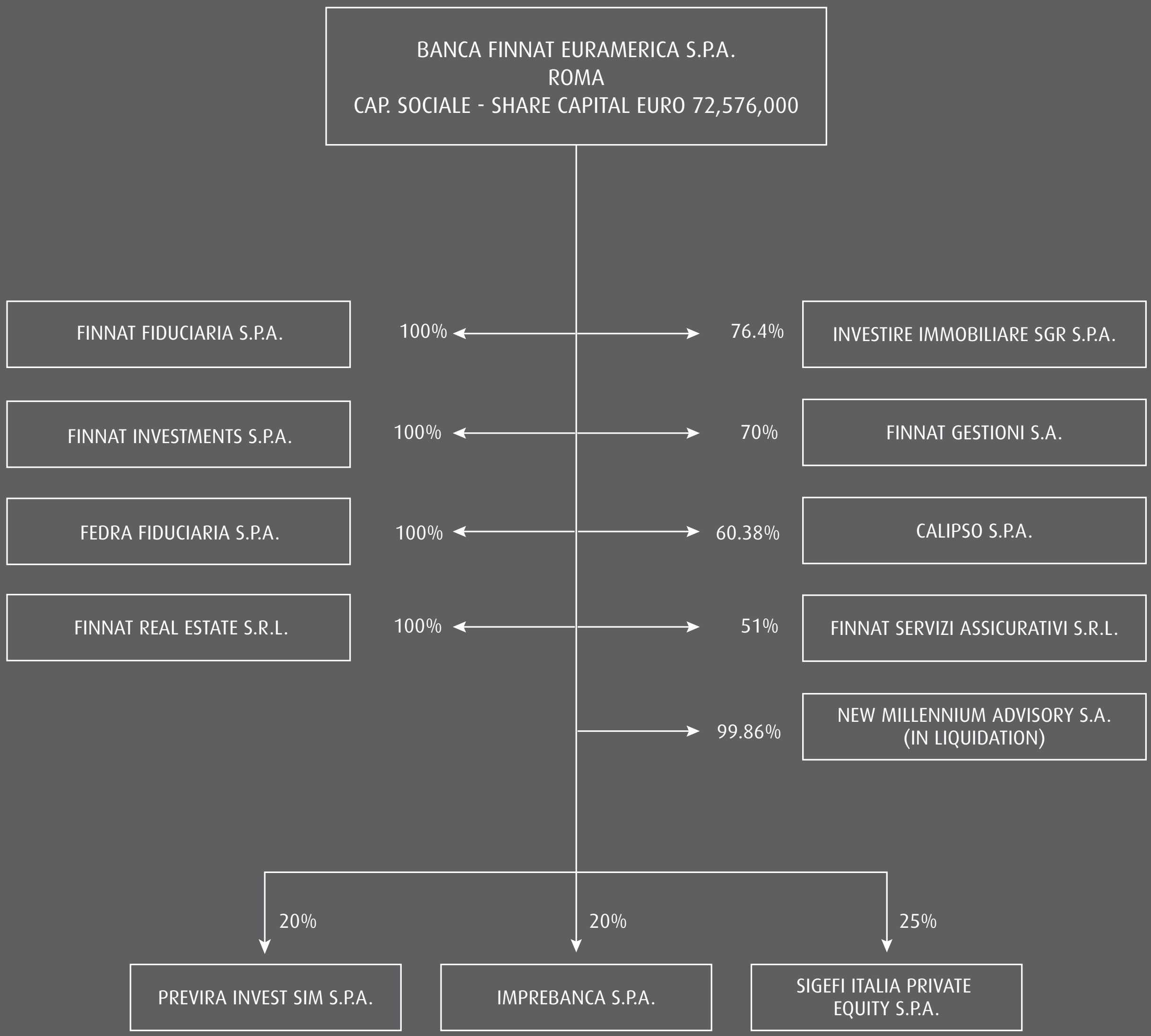
- Interim report on operations;
- Abbreviated consolidated half-yearly financial statements (in summary format) in compliance with IAS 34, "Interim financial statements". These financial statements therefore do not contain all of the information required of the annual financial statements, and must be read together with the financial statements as at 31 December 2009, drawn up in compliance with the IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and approved by the European Economic Community pursuant to its regulation no. 1606/2002.
  The abbreviated consolidated half-yearly financial statements include:
  - the abbreviated consolidated half-yearly financial statements. These formats are the same as those adopted for the annual financial statements, that is: Consolidated balance sheet, consolidated profit and loss account, statement of total consolidated performance, statement of changes in consolidated net equity, consolidated cash flow statement;
  - the notes presented in summary format. These notes also include "Information on fair value" in section A.3, introduced by IFRS 7 and implemented by the Bank of Italy's update to circular no. 262/2005;
- Declaration of the manager in charge of preparing corporate reports and accounting documents.

The consolidated half-yearly report is subject to a limited audit review by KPMG S.p.A.

INTERIM REPORT ON GROUP OPERATIONS

GROUP STRUCTURE

At 30 June 2010, the Group was structured as follows:



SUMMARY GROUP DATA

GROUP ASSETS

(in thousands of euros)

	30 June 2010	31 March 2010	31 December 2009	30 June 2009
Assets under management (Asset management accounts and management proxies received from third parties) (*)	1,264,649	1,322,453	1,390,653	1,172,118
Assets under administration	3,354,078	3,558,042	3,650,815	3,524,029
Trusteeships (**)	1,496,219	1,469,495	1,407,448	1,212,542
Real estate funds	2,248,812	2,102,283	2,102,283	2,038,596
	8,363,758	**8,452,273**	**8,551,199**	**7,947,285**
New Millennium Sicav	972,488	961,933	843,010	677,138
	9,336,246	**9,414,206**	**9,394,209**	**8,624,423**

(*) The amount also includes amounts referring to Finnat Gestioni S.A.

(**) The trust assets at 30 June 2010, 31 March 2010 and 31 December 2009 do not include financial instruments included within the "Tax shield" measure, yet to be received due to hindrances underway.

	30 June 2010	31 March 2010	31 December 2009	30 June 2009
CONSOLIDATED NET EQUITY (in thousands of euros)	163,842	169,376	170,507	168,102
HUMAN RESOURCES OF THE GROUP	218	211	208	201
CONSOLIDATED PROFIT (LOSS) (in thousands of euros)	381	333	4,128	177

STOCK EXCHANGE CAPITALISATION OF BANCA FINNAT EURAMERICA

	Number of shares	Market price 3 August 2010	Capitalisation 3 August 2010 (in thousands of euros)	Consolidated net equity (in thousands of euros)	Share capital (in thousands of euros)
ORDINARY SHARES	362,880,000	0.5263	190,984	163,842	72,576

ECONOMIC OUTLOOK

Prior to presenting the consolidated report on operations related to the first half of 2010, we present below an overview of the international and domestic macroeconomic situation.

The national and international economy

In 2010, sustained by extremely expansive monetary and fiscal policies, and in the wake of the start-up of the inventory rebuilding cycle, the global economy began a phase of widespread recovery, with expansion that is now solidifying in the United States, growth above the average of the last decade in Japan and an economic dynamic that is still quite elevated in the largest emerging markets. In terms of GDP, during the first quarter of 2010, the American economy reached an annualised 2.7%, after it registered an increase of 5.6% in the last quarter of 2009, while in Japan the economic situation appeared to be strengthening even further with an annualised GDP rising from an increase of 3.8% in the fourth quarter of 2009 to 5% in the first quarter of 2010. In Europe, the rally was also evident, but more moderate due to weakened domestic demand. In the first quarter of 2010, the German GDP registered a tendential increase of 1.7%, after an annual decrease of 1.5% in the fourth quarter of 2009; the French GDP grew by 1.2% after a decrease of 0.3%; the Italian GDP grew by 0.5%, from a previous decrease of 2.8%. In the Eurozone, said aggregate witnessed economic growth of 0.6%, from a previous contraction of 2.10%. Eighteen months of extremely expansive fiscal policies allowed the larger economies to brilliantly exit the recessive conditions into which they had fallen after the financial crisis of the last two years. However, all of the more economically mature countries (Europe and United States) had to acknowledge that the deterioration of their public accounts, in terms of debt/GDP and deficit/GDP ratios, has required the immediate adoption of extremely rigorous financial policies which, this time, are restrictive. These measures are diametrically opposed to the fiscal policies adopted up to this point to stimulate the economic recovery. When the solvency crisis hit Greece in mid-April, concerns especially arose about the sustainability not only of public accounts but also of the current global recovery, suddenly perceived as at risk due to restrictive fiscal policies. A sudden increase in aversion to risk therefore caused not only a significant and generalised drop in all stock listings, but especially a decrease in faith in peripherical European countries such as Spain, Portugal and to a lesser extent, Italy. The rating agencies' downgrading of Greece, Spain and Portugal led to a consistent increase in the spreads of peripherical government securities compared to the German bund, perceived as a safe harbour in a context of extreme adversity to sovereign risks; an increase in credit default swaps, which on the five-year Greek bond reached listings similar to those of Argentina, Pakistan and Ukraine; and a considerable write-down of the Euro compared to all major currencies, in a context which prophesises the imminent dissolution of the monetary union.

The largest European partners' preparation of a 750 billion euro aid package in favour of Greece, as well as the ECB's intervention on secondary markets to support public and private bond listings in the Eurozone, progressively contributed towards mitigating larger concerns; this enabled a recovery of asset listings that were perceived as the most at risk and impeded the spread of new systemic crisis hotbeds.

In this framework of renewed uncertainty regarding the global economic outlook, the Central Banks' reference rates are maintained stable with policy rates at the historical minimum of 1% in the Eurozone and between 0 and 0.25% in the United States.

Monetary policy expectations appear to diverge according to the level of economic "maturity" of the countries involved. The major advanced economies are still characterised by disinflation, and potentially recessive fiscal consolidation interventions seem to postpone any restrictive measures. In the United States, where "core" consumption prices have been continuously falling since September 2006 and show an annual growth limited to 0.9%, the market does not "expect" a first rate restriction measure until after the end of the first quarter of 2011; in Europe, with a still-negative M3 dynamic, the first rate interventions are estimated not before the end of 2011. The situation appears different for countries, especially those with emerging economies, which are characterised by rapid economic growth, an appreciation of currency and the risk that domestic asset listings may overheat. In this case, monetary policies have already begun to become more restrictive. Canada just increased its reference rates by 25 b.p.; China increased bank reserve requirements for the third time since the beginning of the year; Brazil raised its short-term interest rates by 75 b.p. and India increased the official refinancing rates by 25 b.p.

Financial markets in the first half of 2010

Without a doubt, the first half of 2010 was characterised by elevated market volatility. Already starting in January, the strong and sudden strengthening of the American currency, as well as already evident tensions regarding the reliability of public accounts in Greece and the sustainability of the balances of other peripherical European countries (Spain, Portugal, Italy and Ireland) caused a first, considerable, correction of stock markets compared with the higher values reached at the beginning of the year. At the end of the first week of February, the Dow Jones Eurostoxx 50, the European stock market's representative index, already marked a loss of 14% of its capitalisation; the CAC 40 index of the French market showed 13% contraction; the German market's DAX 30 dropped by 11% while the Comit index, representing the domestic market, decreased by 14%. The correction involved more or less all markets, not only the European ones. The American index Standard & Poor's 500 contracted by 9% compared to the maximum values reached in the first weeks if January, and the Japanese Nikkei 225 dropped by more than 10%. After a recovery of listings from the beginning of February to mid-April by an average of 16%, which enabled some indexes such as the German, Japanese and American to register new maximums for the year, the financial markets then predominantly underwent a profound renewed corrective phase from mid-April to the beginning of June which caused a loss of about 23% of capitalisation for the domestic Comit index; the Dow Jones Eurostoxx 50 dropped by 19%; the French index Cac 40 decreased by 19.5%; the German index Dax 30 went down by 12%; the Japanese Nikkei 225 index fell by 18% and the American index Standard & Poor's 500 had a negative variation of about 15%. On the entire first half of 2010, the Milan stock market disposed of almost one fifth of its capitalisation, with a negative performance much worse than that of the markets of countries considered more at risk than ours, like Lisbon's (-17.7%) and Dublin's (-8.2%). Within Europe, Madrid (-23.8%) and Athens (-38.7%) performed worse than Milan.

There was a consistent increase in the spreads of peripherical European government securities on the bond markets, with domestic securities reaching a listing of up to 185 b.p. on the yield of the German ten-year bond. In any case, the Rendistat, that is, the figure regarding the sample of securities with a residual life of more than one year traded on the Italian stock market (M.O.T.), had a yield of 3.33% in May 2010, 22 b.p. below the same figure in May 2009. In April 2010, the gross yield on the secondary treasury credit certificate market was equal to 1.07% (1.71% in April 2009), whilst with reference to long-term treasury bonds, in mid-April 2010, the average return was 3.91% (4.35% in April 2009).

As regards foreign exchange markets, the half-year saw a continuing and strong decrease in the value of the common European currency compared with all main currencies. The euro reached the lowest values in the last eight years as compared to the yen and in the last four years compared to the dollar. In its relation to the dollar, the euro decreased from a maximum value of 1.4581 at the beginning of the year to a minimum of 1.1876 at the beginning of June, reaching a devaluation of 18.5%; compared to the yen, the exchange rate went from a maximum of 134.39 to a minimum of 107.32, reaching a devaluation of 20.1%; compared to the Swiss Franc, the European currency went from a maximum of 1.4905 to a minimum of 1.3072, with the extent of depreciation arriving at 12.3%.

The real estate market in the first half of 2010

The prospects for the real estate sector are closely linked to the evolution of the macroeconomic picture: during the last 2 years, this link has become even clearer and the trends of the world economy have reflected on the trend of the real estate market in most countries.

From October 2009 until the entire spring of 2010, numerous positive signs were registered, but the crisis in Greece, the excessive public debt of many countries and the resulting uncertainty of share prices extended the timescales for exiting from the economic crisis. A possible end to the real estate sector crisis can only occur when there is a definite economic recovery.

In Italy, the decrease in real estate prices has not been quite as sharp as in the rest of Europe or the United States, thanks to households which continue to enjoy few borrowings and are able to increase their tendency to save, even to the detriment of consumptions, considering real estate investment, and particularly, although not only, that in housing, as solid and safe. In the 1st half of 2010, further drops in value were not registered in most cities and for all types, and sales of residences began to grow again; even in the 2nd half of 2009 the price drop was less than what occurred in the first half of that year.

The economic crisis mainly reflected on sales volumes: expectations concerning possible future price increases are down, leading families to increase liquidity whilst the worsening of conditions for accessing credit has led to a total block in investments.

During 2010 and 2011, as had already occurred previously, the residential sector will lead the recovery of the entire segment, continuing to be the natural outlet of household liquidity; as regards the business real estate segment, on the other hand, the recovery will be slower and directly proportional to the evolution of the macroeconomic framework, which still seems uncertain.

The market of professional investors, who do not invest for personal use, was marked by a drop in transactions of more than 60% in 2008, and a complete block of operations in 2009. The few transactions carried out took place at prices below 2007 values and with high yields that only began to stabilise after the summer.

The first half of 2010 did not show a trend reversal: the atmosphere of expectation and uncertainty remains even if, compared to 2009, investors seem more open to considering investments classified as very high level based on location, construction quality and tenant rating.

On the ‘retail’ property market, on the other hand, prices stabilised in line with that seen on the rental market, thereby keeping performance stable.

In the last 12 months, it is estimated that the value of real estate fund portfolios has dropped by 6% and therefore to a distinctly greater extent than that reported for the retail market, but in any case lower than the decreases seen on foreign markets.

According to Public Real Estate Registry Office data, 2009 closed with just over 609 thousand residential sales

(-28% compared to the peak of 845 thousand sales in 2006) and with about 66 thousand transactions in non-residential real estate (-27% compared to the peak of 90 thousand sales in 2005). In the first quarter of 2010, there was a 3.4% increase in sales, but only the residential sector had a trend reversal (+4.2% compared to the first quarter of 2009). The recovery in sales of residences occurred mostly in provincial capitals (+9.7%) while in provincial towns, exchanges were maintained nearly stable at +1.8%.

Those who buy for investment are still stopped by uncertain expectations on the future performance of values; so, they prefer to maintain high liquidity; those who turn to the market to find real estate for direct usage are still waiting for a solid economic recovery: the decrease in real available income and the increase in unemployment have especially affected the population range with the lowest income. Therefore, this part of the population is no longer able to take part in the sales market.

In Italy, prices have risen less than in most European countries and the USA and only between 2005 and 2007 did they exceed the values reached in real terms at the beginning of the 1990s.

The previous Italian real estate market crisis occurred in 1992 and led to decreases of residential prices in real terms for 5 consecutive years. In those years, the inflation level was definitely higher than today's and real prices registered a contraction of just over 25%. In nominal terms, on the other hand, periods in which value grew were followed by other periods of slowing down or stability, whilst decreases were sporadic and slight. During the course of 2009, decreases in real terms of average residential prices were posted for the second consecutive year and equalled 5% (2008: -2.5%), whilst in nominal terms, prices decreased by 4.3% (2008: +0.6%).

In the first half of 2010, 452 new real estate development projects were registered, and it is possible to observe that new projects are always more environmentally friendly and sustainable, are completed by famous architects and are meant to change relations among the territories thanks to new infrastructural equipment and projects carried out for the weakest segments of the population.

In Northern Italy, 65% of works are being carried out, while 20% are in the Centre and only 15% are in the South and Islands. Projects and plans for urban transformation represent 53.1% of the total, whilst 32.7% is made up of innovative real estate projects.

There are 380 real estate brokers involved and in 30% of cases they are public bodies, compared to 70% made up of private investors. Foreign investors promote 6% of projects; they are mostly interested in large-scale retail, the tourism and hospitality sector and the residential sector. A total of more than 230 million sqm of landed area is involved by the projects and the average project is 489,000 sqm. Of these, 25% has a landed area of less than 28,000 sqm, 50% has less than 100,000 sqm and 75% has less than 250,000 sqm.

Real estate funds continued to grow in 2009. The weight of real estate funds under the scope of the mutual funds system settled at around 10%. Eleven new funds started up in the second half of 2009: all the new funds are reserved to qualified investors and none are speculative.

In February 2009, capitalisation of listed real estate underwent a contraction of more than 50% compared to the same period of 2008, returning to levels below those reached in 2004. After April 2009, capitalisation increased by 25%, arriving at 3.5 billion euros.

The current situation is partially attributed to the negative economic phase, but also to Italian property companies which continue to not consider the stock market an opportunity. There continue to be numerically few securities linked to the real estate market present today in the Italian stock exchange and these have a moderate free float. The slight dimension of the basket is reflected in the high volatility of the real estate index, which is notably higher than that of indexes related to other financial investments (stocks and bonds).

Over the last eighteen months, there has been a fluctuating but positive trading trend in the segment of listed real estate funds and a progressive reduction in NAV discounts: in March 2009, the value of exchanges was just below 33 million euros and the difference as compared with the NAV amounted to 49% as compared respectively with 64 million euros and 33% recorded for May 2010. Considering the last twelve months, in September 2009, the record minimum of exchanges was reached (39 mln euros) and July witnessed the maximum NAV discount level (43%).

The value of assets traded by Italian real estate funds as at 30 June 2009 rose to 38.3 billion euros, up 8.4 percentage points on the first half 2009 figure. According to the latest report by ASSOGESTIONI in December 2009, 154 funds were active, of which 131 were reserved funds and 23 were retail funds. In the second half of 2009, 11 new funds were set up. As at 31 December 2009, the number of asset management companies had dropped to 26, one less than the year before.

In the last 6 months, property has been purchased and conferred for more than 3.3 billion euros, with an increase of approximately 2 billion euros as compared to June 2009. Disposals further increased, going from 809 million euros for the first six months of 2009 to 1,346 million euros in December 2009.

Real estate asset categories consisted mainly of offices (51.7%), followed by commercial property (19.1%). A gradual reduction was seen over the last 6 months in investments in the office, logistical components, RHW and industrial sectors in favour of the remaining real estate categories (residential, tourism/recreation and commercial), which together represent 26.8% of all property investments.

In 2009, the volume of securitisations registered a decrease of more than 90% compared to the previous year. In 2009, the aggregate amount equalled 5.3 billion euros.

SUMMARY OF CONSOLIDATED RESULTS

The consolidated profit and loss account from the first six months of 2010 shows a net profit of 381 thousand euros, an increase of 204 thousand euros (+115%) over the same period of 2009 (177 thousand euros). Profit from current operations before taxes amounts to 1,872 thousand euros and is 243 thousand euros higher (+15%) than the first six months of 2009 (1,629 thousand euros).

The following provides a comparison of the main items contributing to forming the 2010 and 2009 results:

- the earnings margin of 18,600 thousand euros as at 30 June 2010 is up by 3,021 thousand euros (+19%) from the first half of 2009 (15,579 thousand euros). This increase is due to the following improvements:
  - 3,772 thousand euros (+34%) for net commissions (14,917 thousand euros in the first half of 2010 against 11,145 thousand euros in the first half of 2009);
  - 216 thousand euros (+9%) for the interest margin (2,662 thousand euros in the first half of 2010 against 2,446 thousand euros in the first half of 2009);
  - 211 thousand euros (+25%) for dividends and similar income (1,047 thousand euros in the first half of 2010 against 836 thousand euros in the first half of 2009).

  The earnings margin, on the other hand, had a negative influence of 494 thousand euros (-142%) caused by net income from trading activities, which went from a loss of 347 thousand euros in the first half of 2009 to a loss of 841 thousand euros in the first half of 2010 and from a reduction of 684 thousand euros (-46%) of income from the disposal of available-for-sale securities which amounts to 815 thousand euros in the first half of 2010, compared to 1,499 thousand euros in the first half of 2009.

- In the operating costs item, staff costs increased by 2,092 thousand euros (+24%) and other administrative costs increased by 595 thousand euros (+13%). The increase in staff costs (equal to 10,835 thousand euros in the first half of 2010 compared to 8,743 thousand euros in the first half of 2009) is almost entirely attributable to the Parent Company due to forecasted investments in human resources, already noted in previous Reports.

The consolidated profit indicated on the profit and loss account for the reporting period does not take into consideration the quotation of the security London Stock Exchange Group PLC, registered in the Bank's available-for-sale financial assets, which decreased by about 22% from 31 December 2009. This reduction led to the decrease of the related valuation reserve by 2,647 thousand euros, of which 2,115 thousand euros refer to the adjustments to fair value of the remaining 1,775,000 shares held by the Parent Company as at 30 June 2010.

The global result for the half year, which also takes into consideration this last impairment, is shown in the "Statement of Total Consolidated Performance".

ASSETS UNDER ADMINISTRATION OF THE GROUP

Assets under administration of the Banca Finnat Euramerica Group at 30 June 2010 - represented by asset management, management proxies from third parties, administration of securities, trust assets under administration, portfolios invested in real estate funds and SICAV - amounted to a total of 9,336 million euros, 58 million euros less than the 31 December 2009 figure.

The breakdown of the assets under administration is summarised in the table below and illustrated in the subsequent graphics:

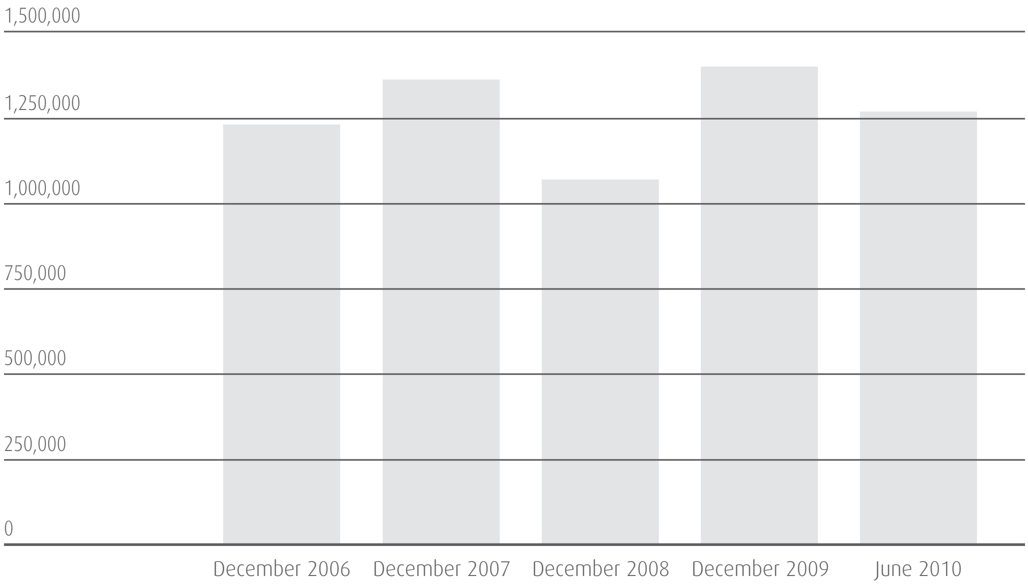
Trends

	December 2006	December 2007	December 2008	December 2009	June 2010
Assets under management (Asset management accounts and management proxies received from third parties) (*)	1,234,493	1,356,098	1,062,299	1,390,653	1,264,649
Assets under administration	4,142,685	4,018,392	3,630,761	3,650,815	3,354,078
Trusteeships (**)	1,189,367	1,225,066	1,226,038	1,407,448	1,496,219
Real estate funds	2,080,683	2,164,547	2,062,432	2,102,283	2,248,812
	8,647,228	**8,764,103**	**7,981,530**	**8,551,199**	**8,363,758**
New Millennium Sicav	333,132	331,980	555,125	843,010	972,488
Total Assets under administration	**8,980,360**	**9,096,083**	**8,536,655**	**9,394,209**	**9,336,246**

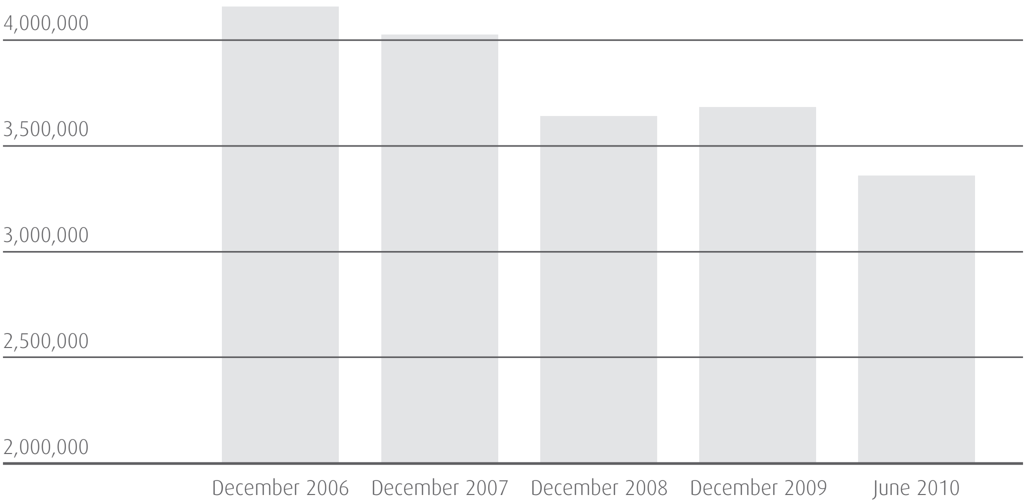
(*) As at 30 June 2010 and as at 31 December 2009 includes 20,311 thousand euros and 15,541 thousand euros, respectively, referring to Finnat Gestioni S.A.

(**) Trusteeships as at 30 June 2010 and as at 31 December 2009 does not include financial instruments included within the "Tax shield" measure which have not yet been received due to prohibitions in progress.

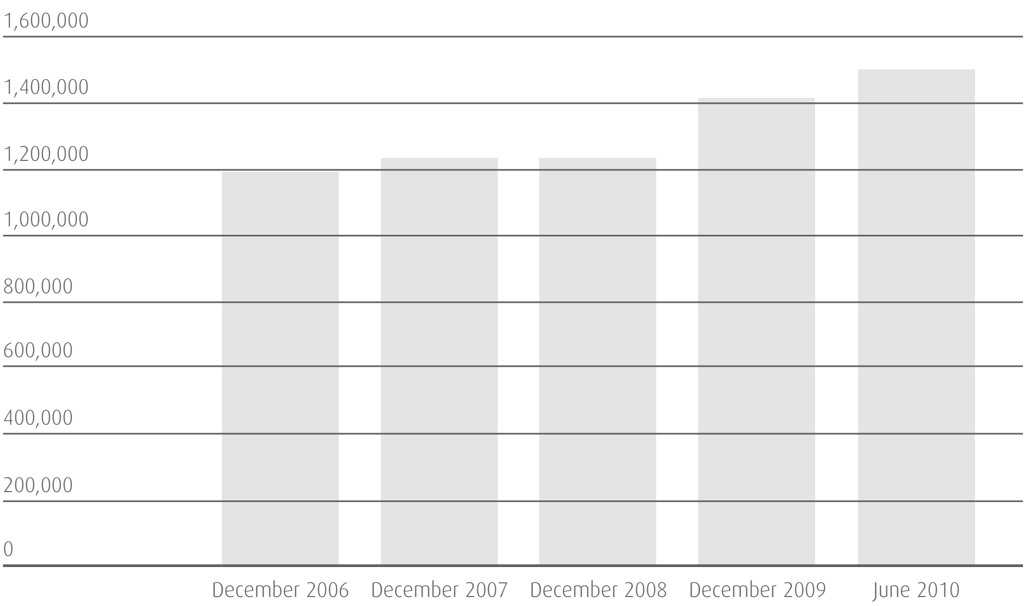
Assets under Management (Asset management accounts and management proxies received from third parties)



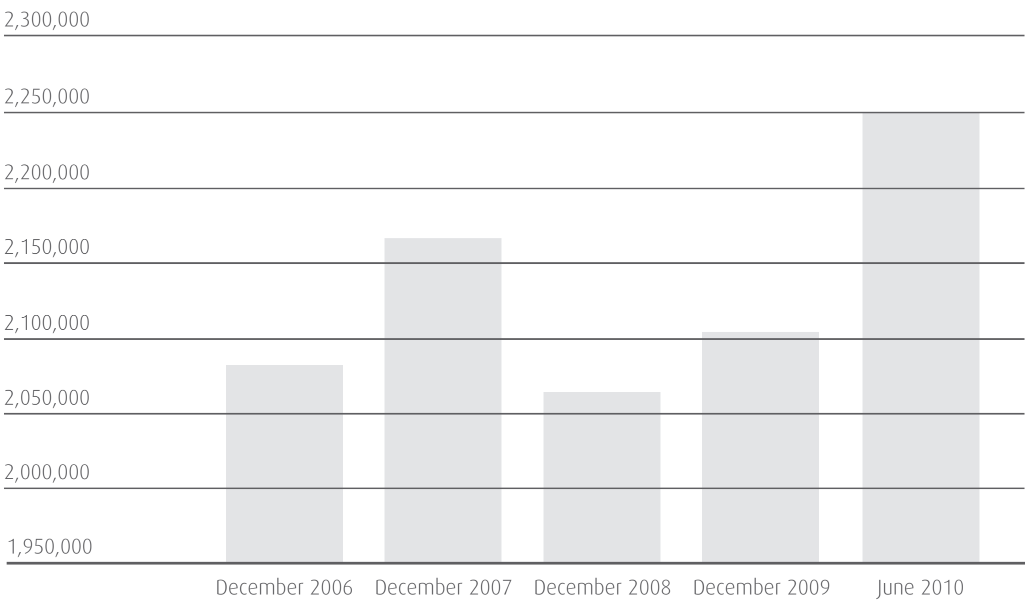
Assets under Administration



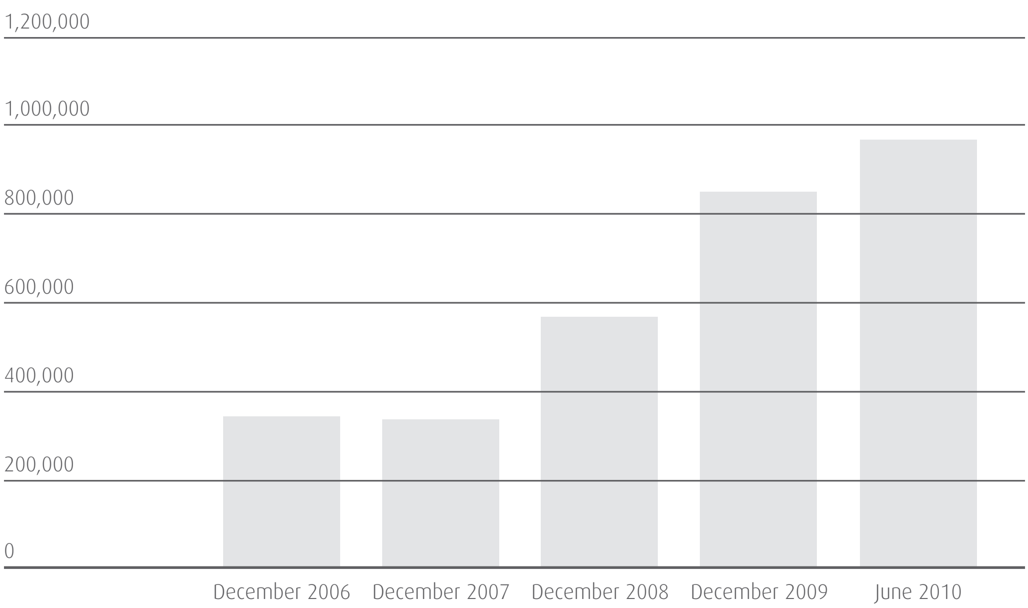
Trusteeships



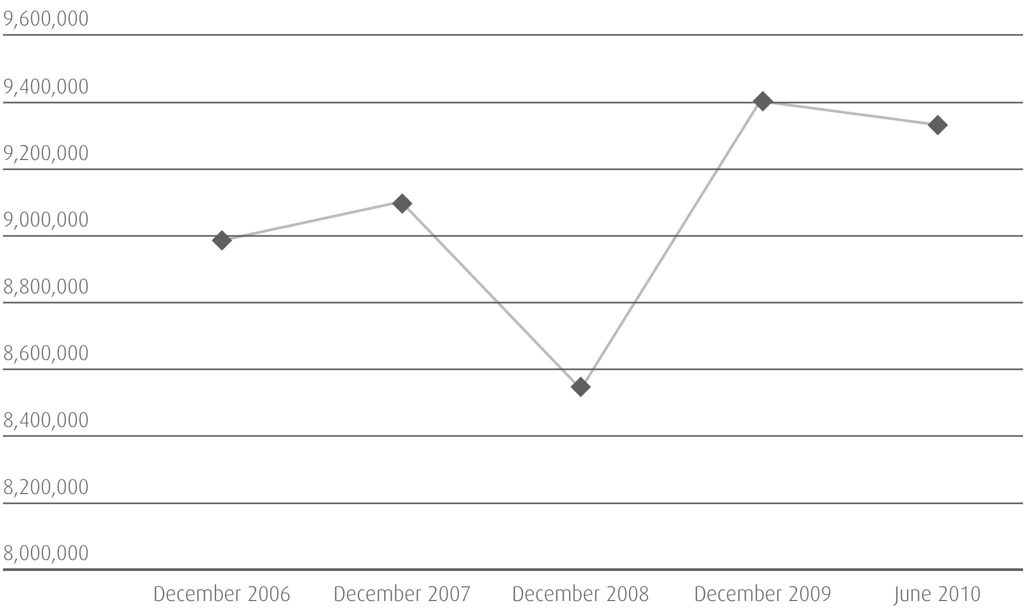
Real estate funds



New Millennium SICAV



Total Group Assets



GROUP BUSINESS SEGMENTS

The Bank and group companies carried out the following activities in the first half of 2010.

Investment Banking

Compared to the first half of last year, the Bank is benefitting from an increase in income from brokerage by about 20%.

In particular, trading volumes of equity instruments notably increased, which caused considerably important increases in commissions on the foreign securities segment, for which the growth rate exceeded 80%. The derivatives figure is steady, while commissions from brokerage on fixed income is less brilliant although it continues to represent a very important part of the total figure (about one-third).

Observing commissions with reference to type of customer, there is first of all a clear increase in the institutional investor segment. Commissions linked to retail operations of "interconnected" banking networks have also grown; however, their impact on sector revenues continues to decrease marginally.

Finally, substantial stability is reported in the amount of commissions earned from "non captive" customers, as a testimony of the market's appreciation for the quality of the Bank's brokerage services.

Income related to assignments carried out on behalf of listed issuers of financial instruments ("specialist operator", "liquidity provider", etc.) have also increased: the recognised quality of service, and careful and precise commercial assistance have allowed for acquiring another two assignments on the AIM market. A further agreement is also being concluded on a bond of a prestigious issuer, thanks to which the Bank will start up operations in this role for the first time on the MOT segment.

There was a contraction in returns from the Bank's property portfolio in line with negative market trends; however, income from property trading, always generated with operating methods that include a moderate assumption of risks, is essentially stable.

The Bank's asset management products had a negative performance at the end of the half year, and, considering market trends, performance was even more notably negative for products with a medium-high risk profile (share services and funds) which, however, have a relatively marginal effect in the customer portfolios managed by the Bank.

However, there were products which had positive period performances, in particular among the bond segments and SICAV balanced funds.

Compared to reference benchmarks, underperformances were substantially caused by the bond component due to the particular market context which saw government bonds from some European countries particularly penalised, also including Italian bonds; they have always represented, and continue to represent, an important part of the managed portfolios, although in reference indexes they have a notably lower weight than the securities from other countries (Germany, Holland, etc.) which, on the other hand, appreciated in value during this period.

In the half year, new management product lines were prepared ("GP Obbligazionaria Dinamica" [dynamic bond asset management] and "GP Flessibile Dinamica" [dynamic flexible asset management]) as well as a New Millennium SICAV fund. Moreover, we actively worked on other new products, whose launch is expected for the second half, as a testimony to our usual attention to product innovation and satisfaction of customer needs.

The figure on UCI placement is positive, with particular focus on the New Millennium SICAV for which favourable deferrals have continued to be registered, also from third-party distributors.

Finally, the Bank successfully participated in the ENEL Bond placement transaction last February.

Advisory & Corporate Finance

The Finnat Group provides consultancy services and assistance with corporate finance operations to private and public companies, with particular focus on medium-sized companies. These services are supplied through its Advisory & Corporate Finance department and its subsidiary Finnat Investments S.p.A. During the first half of 2010 the consulting team dedicated to this activity continued to develop its operating capacity.

As regards the Advisory activity the following is worth noting: in the entertainment sector and the field of a project for implementing a tourism service and attraction infrastructure, assistance in all activities aimed at financial structuring and defining promotion and development strategies with reference to choosing strategic management partners; assistance in operating and strategic development and in finding financial resources aimed at creating a corporate group operating in the sectors of real estate, hospitality complex management and the development of energy plants supplied by renewable sources; locating financial resources to restructure a property for residential purposes within a real estate development transaction; assistance in selling an important property located in the centre of Rome; reconnaissance analysis of a Northern Italian real estate group and preparing a business plan for the various managed initiatives, aimed at evaluating its economic capital; assistance to an industrial group in renegotiating project financing regarding a freight terminal; assistance to a industrial group operating in the real estate, transport and logistics sector in financial restructuring aimed at rebalancing the group's economic and equity position; assistance in locating financial resources for the construction of a tourism-accommodation complex in Northern Italy.

Moreover, the following activities were carried out: assistance to a top Italian operator in the industrial packaging sector for financial restructuring and locating the necessary financial resources to develop its business; financial consulting for a group working in the energy sector; assistance in locating financial resources to develop a tourist port in project financing.

Commercial Management

The first half of 2010 was characterised by an important remodelling of the commercial network, both in terms of resources and in terms of range of offerings.

The expansion of the Milan branch should be noted, with the addition of extremely qualified resources with experience both in the corporate world and in asset management. In quantitative terms, the results became evident as regards both the opening of new relations which involve customers in high standing and the range of offerings: investments, loans, financial planning and corporate finance transactions.
In Rome, the rhythm of assets under management development continues and marketing is concentrated on offering new services to new customers originating from the tax shield and on methodical research for improving relations with professional offices. The integration continued among different units of the group, aimed at making the entire product offering platform available to customers, particularly with Calipso, Finnat Servizi Assicurativi and with Investire Immobiliare SGR.
An important development project was carried out with the Group's trustee companies, also on extensive projects.
An important training programme began at Wharton University in Boston with various senior levels, also including the most senior levels, in order to improve the commercial structure's level of offerings.
Among the initiatives to enrich the offering carried out in the half year, we note the agreement to place Pictet products and the placement of the Fondamenta QF Real Estate closed-end fund for qualified customers. Both initiatives allowed for greater investment diversification, assisting customers in finding decorrelated investment alternatives.
At the end of the half year, with the start-up of the new IT system, important innovations were obtained in the area of Internet banking, improving security as well as banking functionality. Starting in September, it will be possible for customers to access trading in the main global markets through the Internet channel.
Finally, as regards our image, the Banca Finnat website was completely revised; it now represents an easily accessible showcase that is easy to read and presents a complete vision of the Bank's mission and services.

Mortgage loans and financing

In the first half of 2010, the Service performed the ordinary activities aimed at granting loans and monitoring existing lines of credit, with thorough analyses performed on credit ratings and assessments made of guarantees provided.

The development of the mortgages sector continued with an amount supplied in this half year, net of repayments and instalments due, of approximately 6,655 thousand euros.

In the first half of the year, the Service also continued to use a special integrated procedure to monitor anomalous trends in customer positions in order to maintain the optimal quality of the Bank's loan portfolio.

Real Estate Fund management

This activity, carried out by the subsidiary Investire Immobiliare SGR S.p.A., generated satisfactory performance, which, for the first half of 2010 mainly involved the management of closed-end real estate funds: Fondo Immobili Pubblici (FIP), Fondo Obelisco and the new closed-end real estate fund reserved to qualified investors named FIEPP - 'Fondo Immobiliare Enti di Previdenza dei Professionisti'. In the first half of the year, the latter fund completed an additional purchase for a total amount of approximately 53 million euros. The property that now belongs to the Fund equity is located in central areas of the cities of Rome, Milan and Genoa, and is entirely leased to major lessees on an international level.

As concerns the fund FIP - Fondo Immobili Pubblici, management activities were continued, along with settlements on the sale of real estate. In this regard, given the market situation, property sales were managed asset by asset, and focused mainly on the local market. The current property market does not, in fact, allow for the disposal of portfolios as a whole at satisfactory prices, as SGR had implemented for the Fund in 2007. Despite the negative economic scenario experienced by the real estate sector, the Fund disposed of a total of 9 property complexes in the first 6 months of 2010, for a total sales value of approximately 87 million. The fund management allowed for posting sales commissions for the first half of 2010 amounting to approximately 2.1 million euros and management commissions of about 2.2 million euros.

The Fondo Obelisco further concentrated activities on the optimisation of the portfolio acquired in January 2006, taking the lease of a logistics warehouse measuring approximately 40,000 sqm to a positive conclusion, despite the difficult economic context. The fund generated commissions totalling about 1.7 million euros for the first half of 2010.

Following the recent acquisitions mentioned above, the FIEPP fund generated commissions of 251 thousand euros for the first half of 2010.

It is also noted that at the end of 2009, SGR instituted another two speculative real estate funds named “Apple” and “Miotir”, which became fully operative during 2010. In particular for Apple (development fund which anticipates the construction of residential and commercial real estate), construction activity is in line with the timescales set forth in the business plan.

Trusteeships

Trusteeships, which are administered by the subsidiaries Finnat Fiduciaria S.p.A. and Fedra Fiduciaria S.p.A., showed positive financial results in the first half.

Total assets under administration for both companies were 1,496 million euros (1,407 million euros at 31 December 2009).

Research & Development

The project of outsourcing the Bank’s entire IT system is now in the completion phase.
The main activities carried out by the workgroups involved checking:

- the correct configuration of the new IT system in line with the required operations;
- logical bases which will be used to migrate data from the old system to the new IT system.

Other than the current operations, the new IT system will implement a strongly integrated multi-channel environment with many new features to support operations and guarantee significant operational savings, as well as allow the Bank to take advantage of new opportunities that had not been exploited up to now.

Over the half-year period, the Bank undertook numerous activities in the following areas:

Information Technology

The following interventions took place:

- improvements to the website with the introduction of new services and information, and broader information in the "investor relations" section;
- optimisation of network infrastructures with the purchase of new, latest generation equipment and upgrades of current equipment both in the main headquarters and in the branches;
- the consolidation of servers in the technology room.

The following projects have also been launched and/or brought to term:

- start-up and completion of the data network migration project managed by the computer system outsourcer;
- start-up and completion of the update project, to the latest release, for all users of the Office 2007 package;
- start-up of a fleet management project of user workstations;
- start-up of a project to change the antivirus and antispam system;
- start-up of a file server improvement and optimisation project.

Organisation area

The migration of the IT system impacted many of the Bank's operational areas.

Together with the other involved business units, Organisation was involved in the 4 subprojects indicated below:

- Gap analysis of functions available in the old system as compared to the new. The supplier has been asked to develop new coverage functions (48 functions);
- Migration and conversion of data from the old system to the new (600 archives);
- Enabling and start-up of more than 100 new procedures supporting operations;
- Preparation of the new platform needed for connection to markets for the operations of the financial department;
- Migration of the platform for treasury management to the new computer system.

Corporate governance, organisation, internal control, compliance and Manager in charge of preparing corporate reports and accounting documents

The corporate governance structure of Banca Finnat Euramerica, approved by the Board of Directors in the meeting held on 26 June 2009 in compliance with the provisions of the Bank of Italy issued on 4 March 2008 concerning the corporate governance of Banks and subsequent Note issued on 19 February 2009, is based on the traditional administration and auditing system. This traditional system gives the Board of Directors exclusive responsibility to manage the company; it makes the Board of Statutory Auditors responsible for supervision of compliance with Law and the Articles of Association and for controlling operations; and the Shareholders' Meeting expresses the company's will with its own resolutions.

The "Corporate Governance Report", drawn up in compliance with the provisions of Art. 123-bis of the Consolidated Finance Act, is given in the specific section of the file of the financial statements as at 31 December 2009.

The Banca Finnat Euramerica governance principles are not only grounded in the provisions of law and regulations current in Italy, but are also inspired by international best practices on the subject and the recommendations of the governance Code for Listed Companies.

In accordance with the current Supervisory Provisions of the Bank of Italy no. 264010 dated 4 March 2008, the clarification Note no. 181299 dated 19 February 2009, and in view of the Note no. 361561 issued by the Bank of Italy dated 6 April 2009, the Bank submitted a document concerning the remuneration and incentive policies for Bank Directors and management to the approval of the Shareholders' Meeting held on 29 April 2010.

In the 14 April 2010 Board of Directors meeting, the specific assessment report was approved concerning the consistency of the Group's strategies and policies in the collective asset management sector in fulfilment of what was required by the Bank of Italy with supervisory provisions on 23 October 2009, about the methods used by Banca Finnat Euramerica to exercise management and coordination authorities as the Parent Company of the banking group vis-à-vis asset management companies.

As regards the savings law no. 262/2005, we note that the already existing control procedures regarding the process of producing accounting data have been appropriately refined.

With reference to the legal obligations envisaged by the regulation concerning prudential requirements and the compliance of constraints set forth, the Banca Finnat Euramerica Group has prepared and sent the ICAAP report in relation to 2009 and published on its website the document "Public disclosure 2009 - III pillar Basel 2".

The ICAAP report was prepared with the appropriate corporate bodies and structures, and represents for the Group the final moment of the widest and continuing self-evaluation process regarding the control of capital adequacy and its consistency with operating characteristics and the Group's operational context.

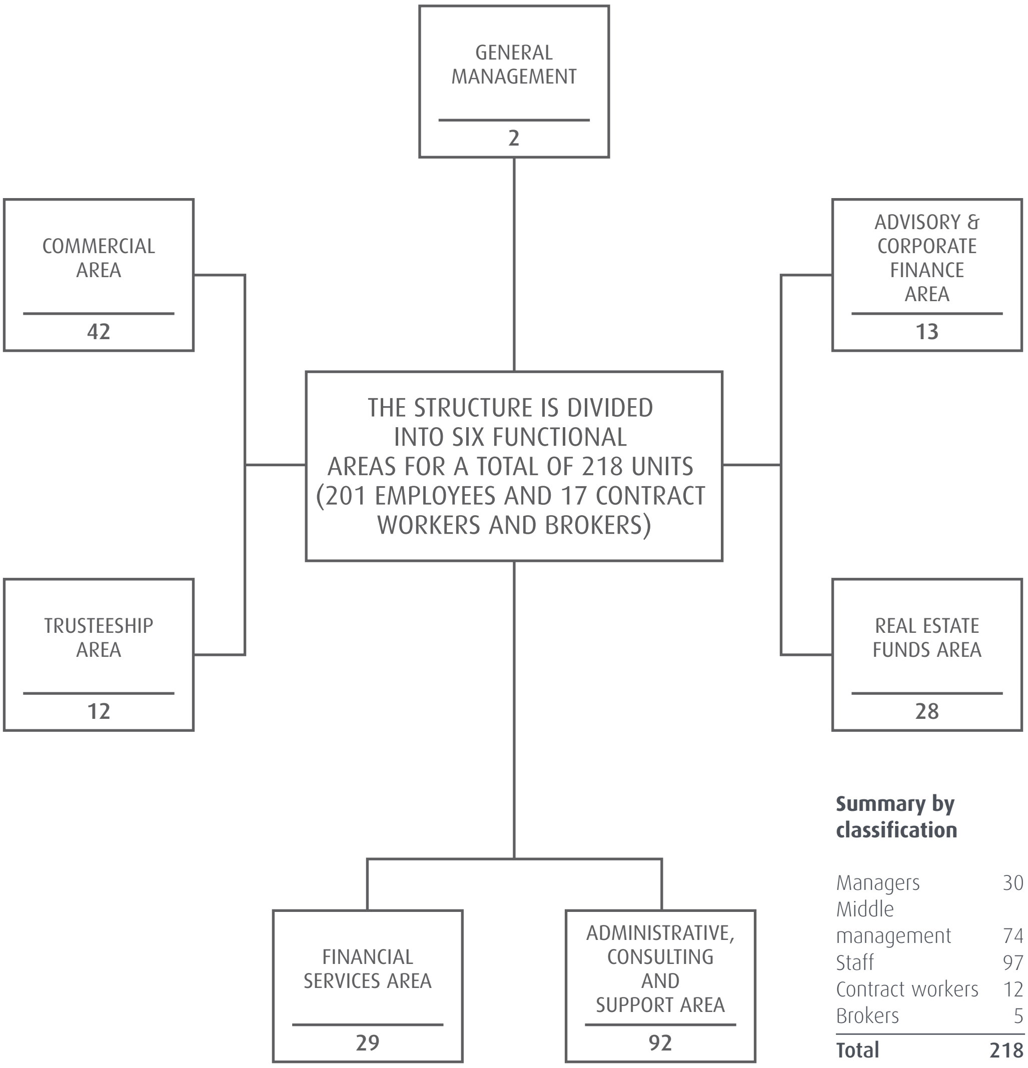
The Bank is implementing compliance with the policy on shareholders' rights pursuant to Italian Legislative Decree 27 January 2010 no. 27.

In compliance with current regulations on the protection of personal data (the Privacy law - Italian Legislative Decree no. 196/2003), the Bank has also prepared the annual update of the DPS - Policy Statement on Data Security.

As concerns the Law on savings no. 262/2005, we would specify that the choice of the Manager in charge of preparing corporate accounting documents complies with the requirements of art. 154-bis, subsection 1, of the Consolidated Finance Act and, more specifically, the criteria of honour and professionalism. As concerns, on the other hand, the obligations pertaining to the Manager in charge of preparing corporate accounting documents, please note that the Banca Finnat Euramerica Group has set up a system auditing the accounts production process. During the first half of 2010, the Manager in charge began an internal updating and revision project regarding the procedures in place to produce accounting data, which began upon the conclusion of the project to outsource the company's IT system to Consorzio Servizi Bancari.

Human resources

The total number of personnel in the Group grew from 208 at 31 December 2009 to 218 at 30 June 2010. From an organisational point of view, all the activities carried out by the Bank and companies belonging to the Group can be graphically presented as follows:



Summary by classification

Managers	30
Middle management	74
Staff	97
Contract workers	12
Brokers	5
Total	**218**

INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

As regards relationships with related parties, the Bank had normal financial relations with Prèvira Invest Sim S.p.A. and with Imprebanca S.p.A., as well as all the group companies included in the scope of consolidation. All transactions are carried out at arms' length.

Pursuant to CONSOB communications no. 97001574 of 20 February 1997 and no. 98015375 of 27 February 1998 attention is drawn to the following:

- appropriate and accurate information was provided on the nature of intergroup transactions in the notes to the half-yearly report;
- information on the nature of significant transactions - which nevertheless fall within group companies operations - with related parties as well as the extent of the company's interest in them was provided in the notes to the half-yearly report.

In the first half of 2010, the Bank did not carry out transactions with related parties or subjects other than related parties which were considered to be "atypical or unusual" and which due to their magnitude/relevance may have cast doubts on the safeguarding of the company's assets and the protection of minority shareholders' rights.

All information on transactions with related parties required by IAS 24 is provided in section H of the notes to this half-yearly report.

MARKET DISCLOSURE INFORMATION

As to market disclosure information and with reference to the request made by Bank of Italy with communication of 17 June 2008, the exposure of the Bank to financial products that are perceived by the market as risky is represented by the investment in "FIP Funding Class A2" bonds recorded in the financial statements as "trading shares" for 1,714 thousand euros (with a nominal value of 2 million euros). These securities (CMBS Commercial Mortgage-Backed Securities) result from the securitisation of the loan to Fondo Immobili Pubblici (managed, as stated above, by the subsidiary Investire Immobiliare SGR) and guaranteed by special lien on the real estate of the Fund, almost exclusively leased to the Government Authorities. As such, they are not considered to represent securities exposed to insolvency risk.

Furthermore, as at 30 June 2010, with the exception of the investment mentioned above, the Bank and Group companies are not exposed to and/or do not hold interests in, through vehicle companies or other non-consolidated entities, financial instruments or UCIs which are characterised by investments that are considered high risk, such as: - SPE (Special Purpose Entities) - CDO (Collateralized Debt Obligations) - Other subprime exposures and Alt-A - CMBS (Commercial Mortgage-Backed Securities) - Leveraged Finance.

In compliance with requests made jointly by the Bank of Italy, Consob and Isvap in their Document no. 2 dated 6 February 2009 and subsequent Document no. 4 dated 4 March 2010 and the provisions of paragraphs 15

and 25 of new IAS 1 (2007), regarding disclosures to be made of audit considerations in respect of going concern assumptions, please refer to the commentary provided in Part A, Section 2 - Basis of Preparation.
As regards risks which could impact the Finnat Group's operations and monitoring systems implemented in order to reinforce supervision aimed at guaranteeing full and efficient protection of investors, please refer to what is fully exposed in the consolidated financial statements as at 31 December 2009.

CONSOLIDATED REGULATORY CAPITAL

The consolidated regulatory capital of the Banca Finnat Euramerica S.p.A. Group on 30 June 2010 amounted to 145,376 thousand euros (147,675 thousand euros as at 31 December 2009), and it is integrally represented by Tier 1 assets. The Bank and other Group companies in fact have not issued subordinate liabilities of any kind nor have they made use of hybrid capital instruments.
The Tier 1 Ratio and the Total Capital Ratio of the Group as at 30 June 2010 amounts to 22.5% versus a minimum ratio of 8% prescribed by the current legislation for banks that are part of banking groups.

With reference to Bank of Italy measure of 18 May 2010 which amended the prudential treatment of debt securities issued by central Governments of EU countries held in the "available-for-sale financial assets" portfolio for the purpose of calculating regulatory capital, please note that the Bank, although it does not have the type of securities indicated by the measure in its portfolio, shall continue to adopt the "asymmetric" approach (integral deduction of net capital losses from Tier 1 and inclusion of 50% of net Tier 2 capital gains), not having exercised the option set forth for the adoption of the "symmetrical" approach (complete neutralisation of capital losses and capital gains).

PERFORMANCE OF SUBSIDIARIES

Finnat Fiduciaria S.p.A.
The company was set up in accordance with Law no. 1966 of 23 November 1939. The company is based in Rome and acts as trustee of equity investments and securities. The share capital of 1,500,000 euros is held entirely by Banca Finnat Euramerica S.p.A. which purchased the remaining 5% held by the subsidiary Finnat Investments S.p.A. in March 2010. The Shareholders' Meeting of 20 April 2010 appointed the new Board of Directors and the new Managing Director. The company's organisational structure was furthermore redesigned, updating roles and managerial frameworks.
As at 30 June 2010, assets under management amounted to 1,384 million euros against 1,299 million euros as at 31 December 2009.
The results at 30 June 2010 show a profit of 164 thousand euros against 90 thousand euros during the first half of 2009. During the first half of 2010, the company recognised commission revenue of 1,026 thousand euros.
The company has net equity of 2,325 thousand euros at 30 June 2010 against 2,584 thousand euros at 31 December 2009.

Finnat Investments S.p.A.

Finnat Investments S.p.A. is based in Rome and provides financial consultancy services to credit institutions and companies, including debt rescheduling activities. Its share capital amounting to 260,000 euros is 100% held by Banca Finnat Euramerica S.p.A.

The results at 30 June 2008 show a profit of 526 thousand euros against a loss of 1 thousand euros in the first half of 2009. The accounting net equity at 30 June 2010 amounted to 1,086 thousand euros against 938 thousand euros at 31 December 2009.

Finnat Real Estate S.r.l.

The company, which is based in Rome, is 100% controlled by Banca Finnat Euramerica S.p.A. Its sole asset is an office block of approximately 450 sqm located in the Trieste district of Rome and leased to the Bank. The share capital is 96,900 euros. The accounting net equity at 30 June 2010 was 351 thousand euros against 341 thousand euros at 31 December 2009.

The half-yearly results at 30 June 2010 show a profit of 10 thousand euros against a loss of 2 thousand euros in the first half of 2009.

Finnat Servizi Assicurativi S.r.l.

The company, set up in accordance with Law no. 792 of 28 November 1984, is based in Rome and carries out insurance brokerage activities. The company is 51% controlled by Banca Finnat Euramerica S.p.A.; the rest of the share capital is held by Broking Italia S.p.A., an insurance broker with head office in Rome. The share capital is 76,500 euros. The accounting net equity at 30 June 2010 was 164 thousand euros against 157 thousand euros in the financial year closed as at 31 December 2009.

The half-yearly results at 30 June 2010 show a profit of 7 thousand euros against a loss of 5 thousand euros in the first half of 2009.

Investire Immobiliare SGR S.p.A.

The company, with registered offices in Rome, was set up on 4 February 2002 and authorised by the Bank of Italy on 9 May 2002. Its purpose is to construct and manage real estate funds.

The company is 76.4% controlled by Banca Finnat Euramerica S.p.A. Its share capital is 8,600 thousand euros. As at 30 June 2010, the company manages 5 real estate funds (of which 2 set up at end 2009). Trust assets managed are 2,249 million euros as compared with 2,102 million euros as at 31 December 2009.

The half-year position as at 30 June 2010 shows a profit of 2,612 thousand euros as compared to 1,478 thousand euros in the first half of 2009. Accounting net equity amounted to 15,873 thousand euros versus 16,853 thousand euros as at 31 December 2009. During the first half of 2010, the company recorded 6,914 thousand euros in commission income, as compared to 4,669 thousand euros in the first half of 2009.

Fedra Fiduciaria S.p.A.

The company, set up in accordance with Law no. 1966 of 23 November 1939, is based in Rome and acts as trustee of company equities and securities. It was authorised by decree issued by the Ministry of Industry on 7 February 1988. Its share capital of 120 thousand euros is entirely held by the Bank, which purchased the entire share packet in March 2010 from Finnat Investments S.p.A. The Shareholders' Meeting of 22 April 2010 appointed the new Board of Directors and the new Chairman.

The half-yearly results at 30 June 2010 show a profit of 1 thousand euros against 6 thousand euros at 30 June 2009. The accounting net equity at 30 June 2010 was 336 thousand euros against 359 thousand euros at 31 December 2009. Assets under management at 30 June 2010 were 112 million euros against 109 million euros at 31 December 2009.

Calipso S.p.A.

The company, which was set up in November 2004, is based in Rome and provides consulting services to businesses on the assessment and management of financial risks and receivables.
At end December 2009, the Bank sold 20% of the investment; the investment held reduced from 80.38% to 60.38% of the share capital of 416,000 euros. The remaining part (39.62%) is held by the management. The results at 30 June 2010 show a loss of 3 thousand euros against a profit of 29 thousand euros in the first half of 2009. The accounting net equity at 30 June 2010 amounted to 167 thousand euros against 170 thousand euros at 31 December 2009.

Finnat Gestioni S.A.

The company, headquartered in Lugano and established on 10 April 2008, is still in the set-up stage. It performs financial management and consultancy services including, in particular, asset and portfolio management.
The company's share capital of 750,000 Swiss francs is 70% owned by Banca Finnat Euramerica S.p.A.; the remainder is held by the Bank for Svizzera Italiana (Generali Group). In June 2010, it increased its share capital from 500,000 Swiss francs to 750,000 Swiss francs, which was subscribed by the shareholders in proportion to the share investments held.
Managed assets at 30 June 2010 totalled 27 million Swiss francs compared to 23 million Swiss francs at 31 December 2009.
The half-yearly results at 30 June 2010 show a loss of 31 thousand Swiss francs against 169 thousand Swiss francs in the first half of 2009.

New Millennium Advisory S.A. in liquidation

The company, based in Luxembourg, 99.86% held by Banca Finnat Euramerica S.p.A. was placed in liquidation in December 2009 since it is no longer in synergy with Group operations. The procedure should be completed within the year. The share capital is 75,000 euros. The results at 30 June 2010 show a profit of 212 thousand euros against 292 thousand euros at 30 June 2009. The accounting net equity at 30 June 2010 amounted to 2,460 thousand euros against 2,486 thousand euros at 31 December 2009.

MAIN CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FIGURES

The primary data of the financial statements at 30 June 2010 are presented below in summary format, compared with those of 31 December 2009 for balance sheet items, and with those at 30 June 2009 for profit and loss account items.

The presentation formats reflect the content of the minimum obligatory structure required by the Bank of Italy Circular no. 262/2005 updated on 18 November 2009 in order to include the new elements set forth by some international accounting standards. Some items from the profit and loss accounts referring to the first half of 2009 were reclassified following the updating of the above-cited Bank of Italy Circular.

CONSOLIDATED BALANCE SHEET

(thousands of euro)

	30.06.2010	31.12.2009	Absolute change
ASSETS			
Cash and cash equivalent	433	410	23
Financial assets held for trading	113,004	61,703	51,301
Available-for-sale financial assets	49,160	47,485	1,675
Financial assets held to maturity	3,266	3,236	30
Due from banks	79,607	134,558	(54,951)
Due from customers	262,012	232,004	30,008
Equity investments	10,188	10,370	(182)
Tangible assets	6,421	6,675	(254)
Intangible assets	1,737	1,829	(92)
Tax assets	5,968	6,028	(60)
Other assets	55,650	73,174	(17,524)
TOTAL ASSETS	**587,446**	**577,472**	**9,974**
LIABILITIES AND NET EQUITY			
Due to banks	83,324	35,491	47,833
Due to customers	257,061	272,458	(15,397)
Outstanding securities	33,688	20,874	12,814
Financial liabilities held for trading	943	284	659
Tax liabilities	4,076	4,013	63
Other liabilities	37,234	66,026	(28,792)
Staff severance fund	3,332	3,693	(361)
Provisions for risks and charges	9	9	–
Minority interest	3,937	4,117	(180)
Pertaining to the group	163,842	170,507	(6,665)
TOTAL LIABILITIES AND NET EQUITY	**587,446**	**577,472**	**9,974**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(thousands of euro)

	1st half 2010	1st half 2009	Absolute change
Interest margin	**2,662**	**2,446**	**216**
Net commissions	**14,917**	**11,145**	**3,772**
Dividends	1,047	836	211
Net income from trading activities	(841)	(347)	(494)
Profit (loss) from the transfer or repurchase of available-for-sale financial assets	815	1,499	(684)
Earnings margin	**18,600**	**15,579**	**3,021**
Value adjustments for impairment	(800)	(354)	(446)
Net income from financial operations	**17,800**	**15,225**	**2,575**
Staff costs	(10,835)	(8,743)	(2,092)
Other administrative expenses	(5,252)	(4,657)	(595)
Value adjustments on tangible and intangible assets	(434)	(433)	(1)
Other operating income/charges	752	222	530
Operating costs	**(15,769)**	**(13,611)**	**(2,158)**
Profit (loss) from equity investments	**(159)**	**15**	**(174)**
Pre-tax income (loss) from current operations	**1,872**	**1,629**	**243**
Income tax on current operations	(878)	(1,139)	261
Income (loss) from current operations after tax	**994**	**490**	**504**
(Profit) loss pertaining to minority interests	(613)	(313)	(300)
Net profit	**381**	**177**	**204**

The results from the first half of 2010 compared to those of the same period from the previous year have already been fully discussed. Some indicators of the Group's operations referring to the first half of 2010 and 2009 are reported below.

	1st half 2010 (%)	1st half 2009 (%)
Net commissions/earnings margin	80.20	71.54
Cost/income ratio (operating costs/earnings margin)	84.78	87.37
ROE (profit (loss) for the period/net equity)	0.23	0.10
ROA (profit (loss) for the period/total assets)	0.06	0.03

CONSOLIDATED NET EQUITY AND OWN SHARES

Net Equity

The Group's net equity at 30 June 2010, including profit for the year, was equal to 163,842 thousand euros and its changes are shown below:

Evolution of net equity

(in thousands of euro)

Net equity as at 31 December 2009	**170,507**
Dividend distribution	(3,629)
Changes in valuation reserve	(2,062)
Changes in other reserves	5
Changes for purchase of own shares	(1,360)
Profit (loss) for the period	381
Net equity as at 30 June 2010	**163,842**

The negative change in "Valuation reserves" was mainly caused by the 2,647 thousand euro decrease in the reserve relative to LSEG shares (currently equal to 2,732 thousand euros) and by the increase of 1,101 thousand euros in the reserve regarding FIP Fund shares, both owned by the Bank, and posted to "available-for-sale financial assets".

In accordance with the instructions issued by CONSOB, the table below illustrates the reconciliation of the Parent Company's net equity and result with those of the Group.

Reconciliation of parent company net equity and net profit and group net equity and net profit

(in thousands of euro)

	Net equity	**Of which: profit (loss) for the period**
Balances from the Parent Company financial statements as at 30 June 2010	**209,242**	**1,477**
Profit (loss) from subsidiaries according to financial statements:		
- companies consolidated on a line-by-line basis	2,894	2,894
- carried at net equity	(144)	(159)
Amortisation of positive differences:		
- current year	–	–
- previous years	(997)	
Surpluses, compared to book values, regarding:		
- companies consolidated on a line-by-line basis	7,213	
Elimination of dividends	–	(3,191)
Other consolidation adjustments:		
- companies consolidated on a line-by-line basis	(54,366)	(640)
Balances resulting from the consolidated financial statements of the Group as at 30 June 2010	**163,842**	**381**

Own shares

At 30 June 2010 own shares in portfolio, held exclusively by the parent Banca Finnat Euramerica, amounted to 12,742,005 (10,200,753 at 31 December 2009). These shares are equivalent to 3.51% of the share capital of the Bank, and pursuant to IAS 32, were carried at the historical purchase prices (totalling 8,010 thousand euros) as an adjustment to net equity (share capital and reserves).

During the first half of 2010, Banca Finnat Euramerica S.p.A. purchased 2,541,252 ordinary own shares for a total countervalue of 1,360 thousand euros.

The inventory of the shares in portfolio at 30 June 2010 is detailed in the following table, which also reports the reference market price at the same date for the calculation of the theoretical (loss)/gain.

Shares in portfolio		**30.06.2010**
Amount of shares		12,742,005
Unit price (book value)		0.6286237
Unit price (market value)	30 June 2010	0.5410000
Countervalue (book value)		8,009,926
Market value as at	30 June 2010	6,893,425
Theoretical Gains (losses) as at	**30 June 2010**	**(1,116,501)**

MAIN TRANSACTIONS OF THE HALF-YEAR, SIGNIFICANT SUBSEQUENT EVENTS AND FORESEEABLE OUTLOOK

Main transactions and events of the half-year

The main transactions and events of the period are detailed below:

- on 22 January 2010, the Bank paid the remaining amount of 6,375 thousand euros equal to 75% of the capital increase of Imprebanca S.p.A. subscribed on 16 June 2009;
- on 31 March 2010, with the aim to rationalise the equity investments held, the Bank purchased 24,000 shares of Fedra Fiduciaria S.p.A. (100% of the share capital) and 15,000 shares of Finnat Fiduciaria S.p.A. (5% of the share capital) from the subsidiary Finnat Investments S.p.A. Therefore, since that date, the Bank has held 100% of the share capital of both trust companies;
- on 20 and 22 April 2010, the subsidiaries Finnat Fiduciaria S.p.A. and Fedra Fiduciaria S.p.A. provided for renewing the Board of Directors following the end of the term, with the former furthermore appointing a new Managing Director and the latter a new Chairman;
- on 29 April 2010, the Shareholders' Meeting of Banca Finnat Euramerica approved the financial statements as at 31 December 2009 and resolved to distribute to the shareholders a gross dividend of 0.01 per share, which was ordered for payment starting from 27 May 2010 (registration date 24 May 2010). Furthermore, the Shareholders' Meeting was provided with a disclosure about the remuneration and incentive systems;
- on 29 April 2010, the Bank's Board of Directors resolved to subscribe to the conversion in share capital of the loan of 250,000 Swiss francs (the Bank's share is 175,000 Swiss francs), issued in 2009 by the shareholders of Finnat Gestioni S.A. As well as the cited conversion, it was also resolved that the same subsidiary Finnat Gestioni S.A. would be granted a new subordinated loan of 300,000 Swiss francs (Bank's share is 210,000 Swiss francs);
- on 4 June 2010, after concluding the above-cited transactions, Finnat Gestioni S.A. increased its share capital from 500,000 Swiss francs to 750,000 Swiss francs, which was subscribed by the shareholders in proportion to the shares held.

In the first six months of 2010, no particularly significant transactions took place as regards other Group companies.

Significant events after the balance sheet date

No significant events occurred between 30 June 2010 and the date of the drafting of the half-yearly report that might affect the Group's financial condition, operating performance, and cash flow.

However, it is noted that on 5 July 2010, the Bank migrated the IT system to CSE Consorzio Servizi Bancari of Bologna, which will manage the Bank's computer services in an outsourcing agreement. The new system will enable the Bank to use a multi-channel environment with new functions supporting operations and it will also guarantee a significant reduction in management costs.

Foreseeable outlook

During this financial year, the Bank will continue to increase investments, especially in human resources to reinforce and develop the commercial sector, and the sectors of asset management, organisation, and credit and risk management.

Investire Immobiliare SGR S.p.A. is currently studying the establishment of new real estate funds. Following the rationalisation of the internal organisation and because of management costs, Finnat Fiduciaria expects an increase in the economic operating result.

As already noted in the disclosure provided during the audit of going concern assumptions, at this point there are no conditions which could negatively impact the outlook result for this financial year which, based on the information available until today, is considered positive. It seems moreover evident that business performance was affected and shall be conditioned by the international economic situation and by its impacts on the domestic economy, which witness persisting elements of relevantly volatile indicators and market prices. Despite this, until today there are no risk or uncertainty elements which can lead to changing the outlook on the presence of a positive period result, maintaining absolute strength in the Group’s balance sheet.

ABBREVIATED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2010

(in thousands of euro)

	Asset items	30.06.2010	31.12.2009
10.	Cash and cash equivalents	433	410
20.	Financial assets held for trading	113,004	61,703
40.	Available-for-sale financial assets	49,160	47,485
50.	Financial assets held to maturity	3,266	3,236
60.	Due from banks	79,607	134,558
70.	Due from customers	262,012	232,004
100.	Equity investments	10,188	10,370
120.	Tangible assets	6,421	6,675
130.	Intangible assets	1,737	1,829
	of which:		
	- goodwill	300	300
140.	Tax assets	5,968	6,028
	a) current	1,619	1,408
	b) prepaid	4,349	4,620
160.	Other assets	55,650	73,174
	Total assets	**587,446**	**577,472**

	Liabilities and net equity	30.06.2010	31.12.2009
10.	Due to banks	83,324	35,491
20.	Due to customers	257,061	272,458
30.	Securities in circulation	33,688	20,874
40.	Financial liabilities held for trading	943	284
80.	Tax liabilities	4,076	4,013
	a) current	350	415
	b) deferred	3,726	3,598
100.	Other liabilities	37,234	66,026
110.	Staff severance fund	3,332	3,693
120.	Provision for risks and charges:	9	9
	b) other provisions	9	9
140.	Valuation reserve	5,408	7,470
170.	Reserves	93,487	92,983
190.	Capital	72,576	72,576
200.	Own shares (-)	(8,010)	(6,650)
210.	Minority interest	3,937	4,117
220.	Net profit (loss) for the year (+/-)	381	4,128
	Total liabilities and net equity	**587,446**	**577,472**

PROFIT AND LOSS ACCOUNT OF THE BANCA FINNAT GROUP AT 30 JUNE 2010

(in thousands of euro)

	Items	1st half 2010	1st half 2009
10.	Interest income and similar income	3,399	4,022
20.	Interest expense and similar expense	(737)	(1,576)
30.	**Interest margin**	**2,662**	**2,446**
40.	Commission income	16,088	13,059
50.	Commission expense	(1,171)	(1,914)
60.	**Net Commissions**	**14,917**	**11,145**
70.	Dividends and similar income	1,047	836
80.	Net income from trading activities	(841)	(347)
100.	Net profit (loss) from the transfer or the repurchase of:		
	b) available-for-sale financial assets	815	1,499
120.	**Earnings margin**	**18,600**	**15,579**
130.	Net value adjustments/writebacks for the impairment of:		
	a) receivables	(781)	(305)
	b) available-for-sale financial assets	(19)	(29)
	d) other financial transactions	0	(20)
140.	**Net income from financial operations**	**17,800**	**15,225**
180.	Administrative expenses:		
	a) staff costs	(10,835)	(8,743)
	b) other administrative expenses	(5,252)	(4,657)
200.	Net value adjustments/writebacks on tangible assets	(291)	(310)
210.	Net value adjustments/writebacks on intangible assets	(143)	(123)
220.	Other operating income/charges	752	222
230.	**Operating costs**	**(15,769)**	**(13,611)**
240.	Net profit (loss) of equity investments	(159)	15
280.	**Pre-tax income (loss) from current operations**	**1,872**	**1,629**
290.	Income tax on current operations	(878)	(1,139)
300.	**Income (loss) from current operations after tax**	**994**	**490**
320.	**Net profit (loss) for the period**	**994**	**490**
330.	Net profit (loss) for the period pertaining to minority interests	(613)	(313)
340.	**Net profit (loss) for the period pertaining to the parent company**	**381**	**177**

Following the amendments to Circular no. 262/2005, the amount recorded for the first half of 2009 was changed to make it like-for-like with that of 2010, by restating the amount of 19 thousand euros from the item “Other administrative expenses” to the item “Staff costs”.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	Items	1st half 2010	1st half 2009
10.	**Net profit (loss) for the period**	**994**	**490**
	Other income items after tax		
20.	Available-for-sale financial assets	(2,060)	6,881
110.	**Total other income items after tax**	**(2,060)**	**6,881**
120.	**Comprehensive income (item 10+110)**	**(1,066)**	**7,371**
130.	Consolidated comprehensive income pertaining to minority interests	615	328
140.	**Consolidated comprehensive income pertaining to the parent company**	**(1,681)**	**7,043**

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY AS AT 30 JUNE 2010

(in thousands of euro)

	Balances as at 31.12.2009	Changes in opening balances	Balances as at 01.01.2010	Allocation of the previous FY profit	
				Reserves	Dividends and other allocations
Share capital:	**72,576**		**72,576**	**–**	**–**
a) ordinary shares	72,576		72,576	–	–
b) other shares	–		–	–	–
Share issue premium	**–**		**–**	**–**	**–**
Reserves:	**92,983**	**–**	**92,983**	**499**	**–**
a) profit	64,818		64,818	14,945	
b) other	28,165		28,165	(14,446)	–
Valuation reserve	**7,470**	**–**	**7,470**		
Capital instruments	**–**		**–**	**–**	**–**
Own shares	**(6,650)**		**(6,650)**	**–**	**–**
Profit (loss) for the period	**4,128**		**4,128**	**(499)**	**(3,629)**
Net equity	**170,507**	**–**	**170,507**	**–**	**(3,629)**
Minority net equity	**4,117**	**–**	**4,117**	**–**	**–**

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY AS AT 30 JUNE 2010

(in thousands of euro)

	Balances as at 31.12.2008	Changes in opening balances	Balances as at 01.01.2009	Allocation of previous FY profit	
				Reserves	Dividends and other allocations
Share capital:	**72,576**		**72,576**	**–**	**–**
a) ordinary shares	72,576		72,576	–	–
b) other			–	–	–
Share issue premium	**–**		**–**	**–**	**–**
Reserves:	**130,006**	**–**	**130,006**	**(33,421)**	**–**
a) profit	101,077		101,077	(29,406)	–
b) other	28,929		28,929	(4,015)	–
Valuation reserves	**1,465**	**–**	**1,465**	**–**	**–**
Capital instruments	**–**		**–**	**–**	**–**
Own shares	**(4,583)**		**(4,583)**	**–**	**–**
Profit (loss) for the period	**(33,421)**		**(33,421)**	**33,421**	**–**
Group net equity	**166,043**	**–**	**166,043**	**–**	**–**
Minority net equity	**8,373**	**–**	**8,373**	**–**	**–**

Changes during the period								Net equity as at 30.06.2010	Net equity as at 30.06.2010 Minority interests
	Net equity transactions								
Changes in the reserves	New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock options	Compre-hensive income 30.06.2010		
–	–	–	–	–	–	–	–	**72,576**	–
–	–	–	–	–	–	–	–	72,576	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
5	–	–	–	–	–	–	–	**93,487**	**3,585**
–	–	–		–	–	–	–	79,763	3,585
5	–	–	–	–	–	–	–	13,724	–
–	–	–	–	–	–	–	**(2,062)**	**5,408**	**(261)**
–	–	–	–	–	–	–	–	–	–
–	–	**(1,360)**	–	–	–	–	–	**(8,010)**	
–	–	–	–	–	–	–	**381**	**381**	**613**
5	–	**(1,360)**	–	–	–	–	**(1,681)**	**163,842**	–
(795)	–	–	–	–	–	–	**615**	–	**3,937**

Period changes								Group net equity 30.06.2009	Minority net equity 30.06.2009
	Net equity transactions								
Changes in the reserves	New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock options	Compre-hensive income 30.06.2009		
–	–	–	–	–	–	–	–	**72,576**	–
–	–	–	–	–	–	–	–	72,576	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
7	–	–	**(3,629)**	–	–	–	–	**92,963**	**3,703**
(3,224)	–	–	(3,629)	–	–	–	–	64,818	3,703
3,231	–	–	–	–	–	–	–	28,145	–
–	–	–	–	–	–	–	**6,866**	**8,331**	**(282)**
–	–	–	–	–	–	–	–	–	–
–	–	**(1,362)**	–	–	–	–	–	**(5,945)**	
–	–	–	–	–	–	–	**177**	**177**	**313**
7	–	**(1,362)**	**(3,629)**	–	–	–	**7,043**	**168,102**	
(4,967)	–	–	–	–	–	–	**328**		**3,734**

CONSOLIDATED CASH FLOW STATEMENT (indirect method)

(in thousands of euro)

	Amount	
	30.06.2010	**30.06.2009**
A. OPERATING ACTIVITIES		
1. Operations	**3,140**	**(8,395)**
- net profit (loss) for the period (+/-)	381	177
- capital gains/losses on financial assets held for trading and on financial assets/liabilities carried at fair value (+/-)	860	(303)
- capital gains/losses on hedging assets (-/+)	–	–
- net value adjustments/writebacks for impairment (+/-)	800	354
- net value adjustments/writebacks on in intangible and tangible fixed assets (+/-)	461	433
- net allocations to provisions for risks and charges and other income/charges (+/-)	513	418
- premiums not received (-)	–	–
- other insurance income/charges not received (-/+)	–	–
- unpaid taxes (+)	878	1,139
- net value adjustments/writebacks of groups of assets being disposed after tax (+/-)	–	–
- other adjustments (+/-)	(753)	(10,613)
2. Cash generated by/used in financial assets	**(12,437)**	**(121,618)**
- financial assets held for trading	(52,161)	465
- financial assets carried at fair value	–	–
- available-for-sale financial assets	(1,694)	(4,650)
- due from banks: on demand	(5,943)	(5,480)
- due from banks: other	60,653	33,855
- due from customers	(30,789)	(55,084)
- other assets	17,497	(90,724)
3. Cash generated by/used in financial liabilities	**16,243**	**136,687**
- due to banks: on demand	(1,690)	1,092
- due to banks: other	49,523	(3,468)
- due to customers	(15,397)	27,995
- outstanding securities	12,814	–
- financial liabilities held for trading	659	11
- financial liabilities carried at fair value	–	–
- other liabilities	(29,666)	111,057
Cash generated by/used in operating activities	**6,946**	**6,674**

	Amount	
	30.06.2010	30.06.2009
B. INVESTING ACTIVITIES		
1. Cash generated by	**278**	**286**
- disposals of equity investments	–	–
- dividends received on equity investments	241	286
- disposals of financial assets held to maturity	–	
- disposals of tangible assets	37	–
- disposals of intangible assets	–	–
- disposals of subsidiaries and business units	–	
2. Cash used in	**(155)**	**(8,707)**
- purchase of equity investments	0	(8,500)
- purchases of financial assets held to maturity	(30)	(1)
- purchase of tangible assets	(74)	(33)
- purchase of intangible assets	(51)	(173)
- purchases of subsidiaries and business units		
Cash generated by/used in investing activities	**123**	**(8,421)**
C. FINANCING ACTIVITIES		
- issues/purchases of own shares	(1,360)	(1,362)
- issues/purchases of capital instruments	–	–
- dividend distribution and other purposes	(5,686)	3,244
Cash generated by/used in financing activities	**(7,046)**	**1,882**
CASH GENERATED/USED DURING THE PERIOD	**23**	**135**

Key:
(+) generated
(-) absorbed

RECONCILIATION	30.06.2010	30.06.2009
ITEMS		
Cash and cash equivalents at the beginning of the period	410	403
Total net cash generated/used during the period	23	135
Cash and cash equivalents: effect of exchange rate changes		
Cash and cash equivalents at the end of the period	433	538

NOTES TO THE FINANCIAL STATEMENTS

The sections applicable for the Group are reported below.

Part A - Accounting policies

Part B - Information on the consolidated balance sheet

Part C - Information on the consolidated profit and loss account

Section 1 - Interest - Items 10 and 20
Section 2 - Commissions - Items 40 and 50
Section 3 - Dividends and similar income - Item 70
Section 4 - Net income from trading activities - Item 80
Section 6 - Profit (loss) from disposal/repurchase - Item 100
Section 8 - Net value adjustments/write-backs for impairment - Item 130
Section 11 - Administrative expenses - Item 180
Section 12 - Net allocations to provisions for risks and charges - Item 190
Section 13 - Net value adjustments/write-backs on tangible assets - Item 200
Section 14 - Net value adjustments/write-backs on intangible assets - Item 210
Section 15 - Other operating income/charges - Item 220
Section 16 - Profit (loss) from equity investments - Item 240
Section 20 - Income tax on current operations for the period - Item 290
Section 22 - Profit (loss) for the period pertaining to minority interests - Item 330
Section 24 - Earnings per share

Part F - Information on consolidated equity

Part H - Related party transactions

Part L - Segment reporting

A - Primary reporting
B - Secondary reporting

Significant non-recurring operations and positions or transactions deriving from atypical and/or unusual operations

Part A - Accounting policies

A.1 - General Information

Section 1 - Statement of compliance with international accounting standards

The abbreviated consolidated half-yearly financial statements of Banca Finnat Euramerica S.p.A. Group as at 30 June 2010 were prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued, with subsequent amendments, by the International Accounting Standard Board (IASB), as endorsed by the European Commission on 30 June 2010 on the basis of the procedure set forth in EC Regulation no. 1606/02.

In applying the international accounting standards, reference was also made to the "Framework for the Preparation and Presentation of financial statements".
For further guidance on the application of the new accounting principles, the Company has referred to the interpretations provided by the International Financial Reporting Interpretation Committee (IFRIC), as well as to documentation issued to support the introduction of IAS/IFRS in Italy prepared by the Italian Accounting Standards Authority (OIC - Organismo Italiano di Contabilità) and to documents produced by the Italian Bankers' Association (ABI).

If no standard or applicable interpretation applies specifically to an operation, other event or circumstance, use was made of the provisions and guidelines contained in the standards and interpretations that deal with similar or related cases, in accordance with the provisions of the Framework document.

Section 2 - Basis of preparation

In compliance with requests made jointly by the Bank of Italy, Consob and Isvap in their Document no. 2 dated 6 February 2009, subsequent Document no. 4 dated 4 March 2010 and paragraphs 15 and 25 of the new IAS 1 (2007), in preparing the consolidated financial statements, a range of financial, management and other indicators were duly taken into account with the maximum prudence and attention by the Bank's directors to identify potential situations that may in any way undermine the Bank's ability to continue as a going concern. On the basis of the analysis conducted and in consideration of the reliability of our risk measurement system and audits on the realisable value of our assets, based on prudent, weighted appraisals, the Directors are confident that no elements exist which may in any way require a verification of the Bank's ability to continue as a going concern. Given the size of the Group's assets, the considerable financial resources held and the breakdown, quality and liquidity of the Bank's portfolio of financial assets, and the absence of non-performing loans in the Bank's loan portfolio or other elements that could jeopardise the functioning of its corporate system, the Directors have prepared the consolidated half-yearly financial statements in the full conviction that the Group meets the requirements of a going concern.

The abbreviated consolidated half-yearly financial statements of the Banca Finnat Group were prepared in summary format in compliance with IAS 34, "Interim financial statements". These financial statements therefore do not contain all of the information required of the annual financial statements, and must be read together with the financial statements as at 31 December 2009, drawn up in compliance with the IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and approved by the European Economic Community pursuant to it regulation no. 1606/2002.

These abbreviated consolidated half-yearly financial statements were prepared in part by applying the provisions set forth in Bank of Italy's Circular no. 262 of 22 December 2005 regarding structure and rules for the preparation of banks' financial statements and the subsequent update of 18 November 2009. Said update:

- incorporated the changes made to the International Accounting Standards IAS/IFRS previously stated, and, more specifically: IAS 1, IFRS 8, IFRS 7 and the amendments made in 2008 to IAS 39;
- rationalised the contents of the tables contained in the notes to the financial statements to a certain extent;
- acknowledged some clarifications previously notified by the Bank of Italy, which has provided further indications to banks.

The abbreviated consolidated half-yearly financial statements include:

- Consolidated Balance Sheet;
- Consolidated Profit and Loss Account;
- Consolidated statement of comprehensive income;
- Statement of changes in consolidated net equity;
- Consolidated Cash Flow Statement;
- Notes to the financial statements.

Section A3 regarding information on fair value has also been included in the notes.

As provided for in IAS 34, the consolidated half-yearly results at 30 June 2010 were compared with the corresponding balance sheet and profit and loss account. Specifically, while the balance sheet is compared to the data at 31 December 2009, the profit and loss account of the first half of 2010 is compared to the data of same period of the previous year.

To facilitate the comparison of values from various periods and provide greater insight into the financial position, the half-yearly results were provided in summary format, appropriately grouping the items that make up the official formats.

Information regarding the Group's performance in the half-year by activity segment (*Part L - Segment Reporting*) is the subject of further comments and clarifications in the Interim Report on Operations.

The abbreviated consolidated half-yearly financial statements of Banca Finnat Euramerica Group were partially audited by KPMG S.p.A.

The accounting principles used in preparing the abbreviated consolidated half-yearly financial statements were equivalent to those used in preparing the 2009 consolidated financial statements and the accounting position used as a basis for the line-by-line consolidation process were those prepared by the subsidiaries at 30 June 2010, and adjusted, if necessary, to make them consistent with the Group's accounting principles and decisions and to align them with generally accepted accounting practices.

As previously stated, the abbreviated consolidated half-yearly financial statements were prepared in accordance with IAS 1 on a going concern basis, using accrual accounting and in observance of the requirement for consistency of presentation and classification of items in the financial statements. Assets and liabilities, income and expenses have not been offset unless required or permitted by a standard or an interpretation.

The cost of inventories of replaceable goods, and in particular financial instruments falling within said category, has been determined using the weighted average daily cost method, as was done in last year's financial statements.

In accordance with the provisions of article 5 of Italian Legislative Decree no. 38 of 28 February 2005, the abbreviated consolidated financial statements were drawn up using the euro as the presentation currency. As regards the contents of the tables, we note that unless otherwise specified, the amounts are expressed in thousands of euros.

Section 3 - Scope and methods of consolidation

Scope of consolidation

The scope of consolidation includes:

- the financial statements of the Parent Company Banca Finnat Euramerica S.p.A. and those of its subsidiaries consolidated on a line-by-line basis;
- the financial statements of direct and indirect associated companies stated at equity.

Please note that the scope of consolidation includes all subsidiary companies regardless of their legal status, and whether operational or in liquidation.

The scope of consolidation is unchanged compared to the 2009 financial statements. It is, however, noted that during the half year, the Bank carried out the following transactions:

- purchase 100% of Fedra Fiduciaria S.p.A. and 5% of Finnat Fiduciaria S.p.A. (and so it now holds 100% of the share capital of both trust companies) from the subsidiary Finnat Investments S.p.A.;
- subscription, for its investment (equal to 70%) of the share capital increase of the subsidiary Finnat Gestione S.A. from 500,000 Swiss francs to 750,000 Swiss francs.

A list of the companies included in the scope of consolidation on a line-by-line basis and of associated companies stated at equity is shown in the table below.

Company	Share capital in euros (1)	Registered office	% direct ownership 30.06.2010	Book value of equity investment (in thousands of euros)	Assets
Parent Company:					
Banca Finnat Euramerica S.p.A.		**Rome**			**Banking activity and parent bank of the banking group**
Directly controlled:					
Finnat Fiduciaria S.p.A.	1,500,000.00	Rome	100.00		Trust company
Fedra Fiduciaria S.p.A.	120,000.00	Rome	100.00		Trust company
Finnat Investments S.p.A.	260,000.00	Rome	100.00		Financial consultancy and strategies
Finnat Real Estate S.r.l.	96,900.00	Rome	100.00		Real estate companies
Finnat Servizi Assicurativi S.r.l.	76,500.00	Rome	51.00		Insurance broker
Finnat Gestioni S.A.	750,000.00	Lugano	70.00		Financial management and consultancy
Investire Immobiliare SGR S.p.A.	8,600,000.00	Rome	76.40		Promotion and management of closed-end real estate funds
New Millennium Advisory S.A. (2)	75,000.00	Luxembourg	99.86		Consultancy for the benefit of Sicav (open-end investment company)
Calipso S.p.A.	416,000.00	Rome	60.38		Finance risk and credit consultancy and control
Companies under considerable control					
Prèvira Invest Sim S.p.A.		Rome	20.00	520	Real estate brokerage company
Sigefi Italia Private Equity S.p.A.		Milan	25.00	34	Financial consultancy
Imprebanca S.p.A.		Rome	20.00	9,634	Banking
Total				**10,188**	

All the controlled companies belong to the banking group Banca Finnat Euramerica with the exception of the subsidiary Finnat Servizi Assicurativi which is an insurance brokerage and is therefore classified under "Other companies".

(1) Excluding Finnat Gestoni S.A. whose share capital is expressed in Swiss francs.

(2) New Millenniun Advisory S.A. was placed in liquidation on 16 December 2009.

Subsidiaries

'Subsidiary companies' means all those companies over which the Group has the power to influence, either directly or indirectly, their financial and operational policies in order to obtain economic benefits from their activities.

In assessing control, also companies such as Banca Finnat in which more than 50% of the voting rights are held either directly or indirectly are taken into consideration. In assessing voting rights, potentially exercisable voting rights and convertible rights are also taken into account.

The financial statements of subsidiary companies are consolidated from the date on which the Parent Company acquires control over the subsidiaries and up to the date on which said control ceases to exist.

Associated companies

Associated companies, namely those companies over which the Group exercises considerable control over financial and operational policies, but which does not control or jointly control, are included in the consolidation at equity. The profit or loss pertaining to the Group is recognised in the consolidated profit and loss account from the date on which the significant influence started and up to the date on which it ceases. If the loss pertaining to the Group exceeds the book value of the equity investment, the value of the equity investment is derecognised and, if the investing company is bound to fulfil legal or implicit obligations of the associate or in any event to cover its losses, any surplus is recognised in a specific fund.

Consolidation methods

Line-by-line consolidation

All of the financial statements of the investee companies used to prepare the consolidated financial statements were drawn up at 30 June and adapted, where necessary, to align them with the accounting principles used by the Parent Company.

Assets and liabilities, charges and income of companies consolidated on a line-by-line basis are fully recognised in the abbreviated consolidated half-yearly financial statements; then the minority interests' share of the above are posted to specific financial statement items; the book value of equity investments is eliminated against the corresponding share of the investees' net equity by recording the individual asset and liability items (including provisions for risks and charges) at their current value on the date when control was acquired. Any positive differences resulting from said elimination are recorded as goodwill under the asset item "intangible assets" at the date of the first consolidation, and subsequently among reserves in net equity. Any negative difference is posted in the profit and loss account.

All intergroup balances (assets, liabilities, revenues and charges) and transactions, including any unrealised profit or loss resulting from intergroup transactions are eliminated net of the theoretical taxation charge, if significant. The Group's share of unrealised profit and loss with associated companies is eliminated.

Unrealised losses are eliminated only if they represent impairment losses.

The presentation currency of the Group's financial statements is the euro, which is also the functional currency of all companies included in the consolidated financial statements.

All transactions in currencies other than the euro are converted at the exchange rate ruling as at the transaction date. Monetary assets and liabilities denominated in currencies other than the functional one are then adjusted at the exchange rate ruling on the date of the financial statements for the period in question. The positive or negative difference between the values converted at current exchange rates and those converted at the original exchange rates are posted to the profit and loss account.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are converted using the exchange rate ruling as at the date on which the transaction was originally recorded.

The financial statements of the consolidated companies expressed in foreign currency have been converted using the exchange rate at the reporting date for assets and liabilities; for profit and loss account items, the average exchanges for the period were used, and for the net equity items, historical exchanges were used. The differences between the values of the net equity items at historical exchanges and those deriving from their translation at the current exchange were posted to the net equity item named "other reserves".

Consolidation using the equity method

This method entails initial recognition of the investee company at cost. The book value is then periodically adjusted to reflect the change in the investee company's net equity. The pro-quota allocation of the net income of the investee company is recognised under a specific item of the consolidated profit and loss account.

Any difference between the book value and recovery value of the equity investment, estimated by considering the present value of future cash flows that the equity investment could generate, is recorded in the profit and loss account.

Section 4 - Subsequent events

In the period spanning the end of the half-year at 30 June 2010 and the date on which these abbreviated consolidated half-yearly financial statements were prepared, no significant events or factors that could affect the financial position, capital position, or results of operations of the Group emerged.

However, it is noted that on 5 July 2010, the Bank migrated the IT system to CSE Consorzio Servizi Bancari of Bologna, which will manage the Bank's computer services in an outsourcing agreement. The new system will enable the Bank to use a multi-channel environment with new functions supporting operations and it will also guarantee a significant reduction in management costs.

Section 5 - Other information

Risks and uncertainties linked to the use of estimates

It should also be noted that in preparing these abbreviated consolidated half-yearly financial statements, in a few limited cases the data is estimated (based on the most recent available data) in order to provide timely information to the market for certain balance sheet items as well as profit effects.

A.2 - Information on the main financial statement items

The main accounting standards adopted for the preparation of the consolidated financial statements at 30 June 2010, which are the same as those used for drawing up the 2009 consolidated financial statements, are set out below. In particular, the criteria for the recognition, classification, measurement and derecognition of the main items of the financial statements are shown.

Financial assets held for trading

Classification criteria

This category includes debt securities, equities, mutual investment funds and the positive fair value of derivative contracts not held for hedging purposes. The positive fair value of the derivatives drawn up by the Bank to manage hedging of risks has also been posted. These do not, however, meet the criteria of the efficiency test.

The classification of a financial instrument in the category of assets or liabilities held for trading must be made upon initial recognition. The reclassification of HFT instruments is permitted only in “rare circumstances” and is to be made at the fair value of the instruments as at the transfer date.

Recognition criteria

Financial instruments are recorded in the category at the transaction date.
Initial recording is made at fair value.

Measurement criteria

Subsequent to initial recognition, financial assets held for trading are carried at fair value. The results of any related changes in value are recorded in the profit and loss account. The fair value of assets held in a trading portfolio shall be made on the basis of active market prices or, failing these, on prices supplied by external operators or calculated using the results of internal valuation models that are generally used in financial practice which we believe provide reliable estimates of the prices of current market transactions.

Derecognition criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when the same entails the substantial transfer of all risks and rewards related to the assets. If it is not possible to ascertain the transfer of risks and rewards, the financial assets in the category are derecognised when the control of the same is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity’s involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of profit and loss items

The profit or loss resulting from disposals or repayments and unrealised profit or loss resulting from changes in the fair value of financial assets held for trading will be recorded under item 80 of the profit and loss account “Net income from trading activities”, together with the result of valuations of foreign currency assets and liabilities.

Interest will be recorded on an accrual basis under item 10 “Interest income and similar income”, dividends from equities or fund units are recorded under item 70 “Dividends and similar income” as soon as the right to receive them arises.

Available-for-sale financial assets

Classification criteria

The available-for-sale financial assets category includes investment fund units and shareholdings that do not fall under the subsidiary, associate or joint-venture category. This category also includes all non-derivative financial assets that are not required to be classified in the other categories of financial trading assets, receivables or in investments held to maturity according to the criteria envisaged by a specific framework resolution taken by the Board of Directors.

Recognition criteria

Financial assets are recorded in the financial statements at the transaction date.

Available-for-sale financial assets are initially recognised at fair value which normally corresponds to when the consideration was paid. Any costs or income directly arising from the transaction, and known at the time of the same, are included in the purchase cost.

Measurement criteria

Following their initial recognition, available-for-sale financial assets are carried at fair value, with any post-tax gains or losses arising from fair value changes recorded in a specific net equity reserve, unless conditions are met for the recording of value adjustments subsequent to a significant or prolonged decrease in value.

Capital interests in other companies that can be classified as strategic investments and are not quantifiable as controlling equity interest, joint control or association, not listed in an active market, that do not have prices supplied by market operators and for which a reliable fair value cannot be established through the use of internal valuation models generally used in financial practice, are maintained at purchase cost.

Derecognition criteria

Financial assets in this category are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when the same entails the substantial transfer of all risks and rewards related to the assets.

If it is not possible to ascertain the transfer of risks and rewards, the financial assets in the category are derecognised when the control of the same is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of profit and loss items

Upon disposal, any post-tax gains on disposal or impairment losses recorded in a specific net equity reserve are recycled to the profit and loss account under item 100 "Profit (loss) from the transfer or the repurchase of available-for-sale financial assets".

At the end of the accounting period, the existence of objective evidence of impairment loss for the financial instruments of the category is verified.

If an available-for-sale financial asset suffers an impairment loss, the cumulative unrealised loss previously

recorded in net equity is reversed from net equity and recognised in the profit and loss account under item 130 "Net value adjustments/write-backs for the impairment of available-for-sale financial assets".
If the circumstances that led to the recognition of an impairment loss no longer exist, the loss is reversed and a write-back is posted to net equity, in the case of equities, and to the profit and loss account in the case of debt securities and receivables. The write-back may not exceed the cost (amortised as applicable) that the financial instrument would have had in the absence of the write-down.

Financial assets held to maturity

Classification criteria

This category includes non-derivative financial assets with fixed payments or payments that can be calculated and with fixed due dates, which, in accordance with the rules pursuant to IAS 39 are destined to remain in the company's equity in the long-term, following a specific resolution taken by the Board of Directors to this effect. Where the Directors no longer consider it appropriate, or it is no longer possible to classify an investment as held to maturity, the investment is reclassified to available-for-sale financial assets.

Recognition criteria

Financial assets are recorded in the category at the transaction date.
Financial assets held to maturity are initially recognised at fair value which normally corresponds to when the consideration was paid. Any costs or income directly arising from the transaction, and known at the time of the same, are included in the purchase cost. For assets resulting in this category following their reclassification from Financial assets held for trading or Available-for-sale Financial Assets, permitted in "rare circumstances" (in accordance with IAS 39 and IFRS 7), the fair value of the assets as at the date of their reclassification is taken as the new amortised cost of the assets.

Measurement criteria

Following their initial recognition, financial assets held to maturity are recorded at their amortised cost using the effective interest rate method, and adjusted to take into account the effects of any write-downs. The resulting value is recorded in the profit and loss account under item 10 "Interest income and similar income".

Derecognition criteria

Financial assets in this category are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when the same entails the substantial transfer of all risks and rewards related to the assets. If it is not possible to ascertain the transfer of risks and rewards, the financial assets in the category are derecognised when the control of the same is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of profit and loss items

Upon their transfer, gains and losses from the transfer of these assets are recorded in the profit and loss account under item 100 "Profit/Loss from the transfer or the repurchase of: c) Financial assets held to maturity".

At the end of the accounting period, the existence of objective evidence of impairment loss for the financial instruments of the category is verified.
If impairment losses occur, the loss is measured as the difference between the book value of the asset and the present value of estimated cash flows, discounted at the original effective interest rate. The loss is recorded in the profit and loss account under item 130 "Net value adjustments/write-backs for the impairment of: c) Financial assets held to maturity".
If the circumstances that led to the recognition of an impairment loss no longer exist, the loss is reversed and a write-back is recorded in the profit and loss account under item 130.

Receivables

Classification criteria

The category in question includes receivables due from customers and banks, with fixed and determinable payments, paid directly or acquired from third parties that are not listed on active markets and that have not been classified from the day of acquisition under financial assets held for trading, available-for-sale financial assets or carried at fair value.
Following recent clarification supplied by the Bank of Italy, the receivables category also includes operating loans linked to the supply of financial services and repos and unlisted bonds.

Recognition criteria

Financial assets falling under this category are initially recorded on the date on which they were provided or in the case of repos, on the settlement date.

Initial recognition is made on the basis of the fair value of the instrument that, given the nature and characteristics of the operations, is equal to the amount provided or at cost. The initial recognised value includes any costs or income related to the transaction and known at the time of the same, and will be spread over the residual life of the financial instrument, going towards forming the effective interest rate of the transaction (amortised cost method). Internal administrative related charges due from customers are not included.

Valuation criteria of profit and loss items

Subsequent to initial recognition, loans are stated at amortised cost, equal to the initial recognition value reduced/increased by capital repayments, by any value adjustments/write backs and by amortisation calculated on the basis of the effective interest rate, any transaction costs or income known or determinable at the time the credit was provided.
In the case of short-term receivables, given that the effect of amortisation is considered negligible, the costs and income directly related to the transaction are posted directly on the profit and loss account.
The amortisation of transaction costs and income based on the effective interest rate is not applied in the case of on demand receivables and in general to undated loans. On demand receivables and undated loans in general are recorded in the financial statements at the amount paid, net of any value adjustments applied.

In accordance with the provisions of international accounting standards, all receivables are impairment tested according to the following criteria:

- the significant positions are subject to analytical valuation;
- classification within anomalous loan classes as provided for by current regulations issued by the Bank of Italy: non-performing, problem, restructured and past due are all considered objective evidence of impairment;
- with regard to the non-performing loans that are insignificant on an individual basis, statistics are used to make the calculations. The amount of the loss is calculated as the difference between the amount at which the asset was initially recorded and the present value of the expected future cash flows discounted at the effective original interest rate of the financial asset;
- performing loans that are insignificant on an individual basis, and for which there is no objective evidence of impairment are collectively valued by grouping them together on a like-for-like risk profile basis. Their value adjustment is calculated on the basis of historical loss experience for each reference group. In determining historical loss series, those positions that are subject to analytical valuation are eliminated from the loan population;
- value adjustments determined on a line-by-line basis or collectively are recorded in the profit and loss account under item 130 "Net value adjustments/write-backs for the impairment of: a) Receivables".

If the circumstances giving rise to impairment losses cease to exist then the losses are reversed either partly or in full. As a result, any write-backs, objectively related to an event occurring after the value adjustment was made, are recognised in the profit and loss account, however they may not exceed the amortised cost that the instrument would have had in the absence of the previous adjustments.

Derecognition criteria

Financial assets in this category are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when the same entails the substantial transfer of all risks and rewards related to the assets. If it is not possible to ascertain the transfer of risks and rewards, the financial assets in the category are derecognised when the control of the same is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Any gains or losses resulting from the derecognition of the same are recorded in the profit and loss account.

Equity Investments

Classification criteria

The item "equity investments" includes investments in associated companies.

Equity interests in other companies in which the Parent Company does not exercise control or has no significant influence, either directly or through its subsidiaries, but which are acquired as long-term investments and not held for the purpose of trading, are classified as "available-for-sale financial assets" as provided for by IAS 39.

Recognition criteria

Equity investments are recorded in the balance sheet at cost or subscription value, including additional charges and the subsequent adjustment on the basis of the amount pertaining to the net equity of the subsidiary.

Valuation criteria of profit and loss items

After the initial recognition, the book value will be periodically adjusted to reflect changes in the investee company's net equity. The pro-quota share of the net income of the investee company is recorded under item 240 of the consolidated profit and loss account "Profit/loss from equity investments".

Derecognition criteria

Equity investments are derecognised when they are transferred, with the substantial transfer of all related risks and rewards, or when the contractual rights to cash flows deriving from the same expire.

Tangible assets

Classification criteria

This item includes assets for permanent use held to generate income and property held for investment purposes.
Tangible assets also include payments on account for the purchase and revamping of assets that are not yet part of the production process and not yet subject to depreciation.

Recognition criteria

All classes of property, plant and equipment recognised as assets are initially recorded at cost, insofar as representative of the fair value. The cost includes the purchase price, non-recoverable purchase duties and any costs directly attributable to the installation of the asset for its intended use, less any trade discounts. Financial charges are recognised in accordance with the provisions of IAS 23 and therefore recognised as a cost in the year in which they were incurred.
General and administrative expenses are not included in the initial cost of the assets in question, unless they are directly attributable to the purchase of the asset or to its installation.

Valuation criteria of profit and loss items

Following initial recognition, functional property and property investments are recorded at cost, less accumulated depreciation and considering any impairment losses and/or revaluations. This criterion has been adopted as an alternative to the adoption of the revaluation method provided for by the reference accounting standard.

Tangible assets are depreciated each year, at rates calculated by reference to the residual possibility of using the assets, the related useful life and realisable value, with the exception of land (incorporated in the asset value) and works of art, insofar as they have an indefinite life. In the case of land whose value is incorporated in the value of the tangible fixed asset, the relative separation is made only for free-standing buildings. For assets acquired during the course of the year, amortisation is calculated on a daily basis starting from the day on which the asset is first used.

Subsequent expenses relating to property, plant and equipment, already recorded, are added to the book value of the asset when it is likely that the future economic benefits exceed the previously established ordinary performance of the asset.

At the end of each year an impairment test is performed on the assets. More specifically, a comparison is made between the book value of the asset (purchase cost less accumulated depreciation) and its recoverable amount equal to the greater of the fair value, less any costs to sell, and the relative value in use of the asset, intended to be the present value of the future cash flows expected from the asset. Any adjustments are recorded in the profit and loss account under the item 200 "Net value adjustments/write-backs on tangible assets". If the reasons that led to the recognition of the loss cease to apply, a write-back is recorded that may not exceed the value that the asset would have had net of the depreciation calculated in the absence of previous losses in value.

Derecognition criteria

The book value of a tangible asset must be derecognised on its disposal or when no future economic benefit is expected from its use.

Intangible assets

Classification criteria

Assets for which it is possible to estimate the temporal limit by which correlated economic benefits are expected to be produced can be classified as having a finite useful life. Among the intangible assets posted, software purchased from third parties which can be used for many years is considered to have a finite useful life.

Assets for which it is not possible to estimate a foreseeable limit to the period during which the asset is expected to generate economic benefits for the company are considered to have an indefinite useful life. The positive difference between the value of assets and liabilities acquired following a business combination and the related purchase price of the combined business entity is recorded under intangible assets as goodwill with indefinite useful life.

Recognition criteria

Intangible assets are recorded at cost. The purchase cost can be adjusted for ancillary charges. Costs sustained for the purchase of intangible assets are only recognised if they are identifiable, their cost can be measured reliably, they can be controlled and they are able to generate future economic benefits. Otherwise, the cost of the intangible asset is recorded in the profit and loss account in the year in which it was incurred.

Valuation criteria of profit and loss items

Following initial recognition, intangible assets are recorded at cost, less accumulated amortisation and accumulated impairment losses. The method of recording at cost was adopted as it was considered to be a more appropriate revaluation method. The cost of intangible assets is amortised, net of the recoverable amount, on the basis of the estimated useful life. For assets acquired during the course of the year, amortisation is calculated on a daily basis starting from the day on which the asset is first used. For those

that are transferred and/or disposed of during the course of the year, amortisation is calculated on a daily basis until the date of transfer and/or disposal.
If the useful life of the fixed asset cannot be established and appears to be indefinite (goodwill), the asset is not amortised, however it is tested for impairment periodically, or any time there is objective evidence that its initial recording value may have changed. The performance of this test entails the prior allocation of goodwill to a cash-generating unit, whose value can be reliably estimated. Goodwill impairment is calculated as the difference between its book value and the estimated recoverable amount determined by reference to the cash-generating unit to which the goodwill in question has been allocated. Any impairment calculated as the difference between the book value of the fixed asset and its recoverable amount is recorded in the profit and loss account under the item 260 “Goodwill adjustments”. Goodwill impairment may not be reversed in future accounting periods as prescribed by IAS 36.

As regards intangible assets other than goodwill, if there is evidence of impairment, an estimate is made each year of the recoverable amount of the assets. The amount of the loss, recorded in the profit and loss account, is equal to the difference between the book value of the asset and the recoverable amount. If the recoverable amount of a specific intangible asset cannot be determined, then such asset must be assigned to the smallest cash flow generating unit (CGU) and it is by reference to the latter that the recoverable amount is estimated and compared with the book value to establish the possible impairment loss.

Derecognition criteria
Intangible assets are derecognised when they are sold or when no future economic benefits are expected from their use or their sale.

Current and deferred tax

Income taxes, both current and deferred, are recorded in the profit and loss account in accordance with current national tax regulations with the exception of those relating to items charged or credited directly to net equity. Tax provisions are calculated on a prudent basis and also include the risk provisions allocated to any ongoing disputes.

Starting in 2004, the Bank and its Italian subsidiaries decided to become members of the national consolidated tax system in accordance with article 117/129 of the TUIR (consolidated income tax act). This option was renewed in 2010 for the three-year period 2010/2011/2012.
The Bank acts as a consolidated company and sets a single taxable base for the group of companies belonging to the national consolidated tax system. This allows income tax to be offset with fiscal losses in a single tax return. Each company belonging to the national consolidated tax system will transfer its tax income to the consolidating company (taxable income or fiscal loss). The Bank recognises a credit for the companies that have taxable income, equal to the IRES to pay. On the other hand, as regards companies that post fiscal losses, the Bank records a debt equal to the IRES amount on the portion of the loss actually offset at Group level including the withholdings made.

Deferred taxes are determined taking into account the tax effect of temporary differences between the book value of assets and liabilities and their value for taxation purposes which will give rise to taxable income or deductible amounts in future years. To this end "taxable temporary differences" are differences which give rise to taxable income in future years while "deductible temporary differences" are those which will give rise to deductible amounts in future years. Prepaid tax assets are recorded in the balance sheet to the extent that it is probable that they will be recovered on the basis of the Bank's ability as well as that of the group companies that elected for group taxation, to generate positive taxable income with continuity in future financial years.

Deferred taxes are calculated by applying the tax rates currently in force to the taxable temporary differences that are likely to generate a tax burden and to the deductible tax differences if these are likely to be recovered.
Deferred taxes are calculated by accounting for the rates expected when payment falls due.

If deferred tax assets and liabilities relate to items pertaining to the profit and loss account, the balancing item is represented by income tax.

Where prepaid and deferred taxation relate to transactions that have been recorded in the net equity without affecting the profit and loss account (such as measurements of available-for-sale financial instruments), the directly balancing entry is made in net equity, under specific reserves where so provided (e.g. valuation reserves).

Current tax assets/liabilities are accounted for net of any tax paid in advance and any withholding taxes suffered.

Deferred tax assets and deferred tax liabilities are recorded in the balance sheet respectively under "tax assets" and "tax liabilities".

Provisions for risks and charges

Pension and similar commitments

The Group had no contractual agreements in place that give rise to retirement funds and/or supplementary pension funds for its personnel.

Other provisions

Other provisions for risks and charges include accruals relating to legal employment contract obligations or to legal disputes, also concerning tax matters, generated by past events where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the time factor is significant (outflow expected to take place after more than one year), provisions are discounted to present value using current market rates. The provision and any future increases in the provision due to the time factor are recognised in the profit and loss account.
Provisions are periodically reviewed and when charges are no longer expected to be incurred they are either wholly or partly reversed and credited to the profit and loss account.

Outstanding securities and payables

Classification criteria

Amounts due to banks, customers and outstanding securities include the various forms of interbank funding and funding from customers in addition to funding through bonds in issue net of any repurchases.

Recognition criteria

On initial recognition, these financial liabilities are recorded upon receipt of the amounts collected at their fair value, usually correspond to the amount received or to the issue price plus/minus any additional costs/income directly attributable to the individual funding or issue transaction and that have not been reimbursed by the creditor.

Valuation criteria of profit and loss items

After initial recognition, the above-mentioned financial liabilities are recorded at amortised cost using the effective interest rate method, with the exception of short-term liabilities that are recorded at par value insofar as the effect of discounting is negligible.

Derecognition criteria

Financial liabilities are derecognised when they expire or are extinguished. A financial liability is considered expired when the debt is settled through payment of the creditor in cash or by means of other financial assets, goods or services or when the borrower is legally released from the primary responsibility for the liability.

Cancellation takes place in the event of the repurchase of bonds previously issued. The difference between the book value of liabilities and the amount paid to purchase them is posted on the profit and loss account. Relisting of own shares on the market following their repurchase is considered as a new issue and recorded at the new listing price.

Financial liabilities held for trading

Classification criteria

This item includes financial liabilities, whatever their technical form, classified in the trading portfolio. The negative fair value of the derivative contracts drawn up by the Bank to manage hedging of risks has also been posted. These do not, however, meet the criteria of the efficiency test.

Recognition criteria

These liabilities are initially recorded at fair value which generally corresponds to the amount collected. The initial recognition of financial liabilities occurs at the subscription date.

Measurement criteria

All trading liabilities are carried at fair value established in the manner illustrated in the paragraph relating to “financial assets held for trading”.

Derecognition criteria

Financial liabilities are removed from the balance sheet when they are extinguished or when the relative obligation is discharged, cancelled or expired. The resulting difference is recorded in the profit and loss account.

Recognition criteria of profit and loss items

Profits and losses arising from changes in the fair value of financial liabilities are recorded under item 80 "Net income from trading activities" of the profit and loss account.

Currency transactions

Foreign currency transactions are recorded, at the time of initial recognition, in euros, applying the spot exchange rate in force on the date of the transaction.

When preparing the financial statements, items denominated in foreign currency are recorded as follows:

- in the case of monetary instruments, at the spot exchange rate on the date of preparation of the financial statements, with exchange differences recorded in the profit and loss account under the item "Net income from trading activities";
- in the case of non-monetary instruments, measured at historical cost, at the exchange rate of the original transaction;
- in the case of non-monetary instruments, carried at fair value, at the spot exchange rate on the date of preparation of the financial statements.

Exchange rate differences relative to non-monetary items are recorded applying the accounting criterion used for the gains and losses relative to the originating instruments.

Other information

1. Own shares

Own shares held are stated in the financial statements at cost, adjusting Group's net equity by a corresponding amount. No profit or loss is recorded in the profit and loss account on the purchase, sale, issue and derecognition of instruments that represent the Bank's capital. The consideration paid or received is recognised directly in net equity.

Any marginal costs incurred for the repurchase of own shares are recorded as a reduction of net equity as long as they are directly attributable to the capital transaction that otherwise would not have been incurred.

2. Staff severance fund

The staff severance fund is determined as the Group's present obligation towards its employees, in terms of the relative severance indemnity. The amount of the obligation on the date of the financial statements is estimated using actuarial methods and discounted to its present value using the "*Project Unit Credit Method*" and without adopting the "corridor method".

The "*Projected Unit Credit Method*" sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Once the final obligation is obtained the Group must calculate its present value, even if part of the obligation falls within the twelve month period after the date of the financial statements.

As a result of reforms to staff severance obligations, staff severance liabilities due to Group staff and accruing after 1 January 2007 constitute a “defined contribution plan”, regardless of whether employees opt for complementary retirement schemes or whether they choose to keep their benefits in the INPS Treasury Fund. The liabilities are recorded as staff costs and are measured on the basis of contributions accrued, without the application of actuarial methods.

3. Recognition of revenue and costs

Costs are recorded in the profit and loss account for the periods in which the relative revenue is recorded. Revenues are recognised when received or if it is probable that future benefits will accrue and such benefits may be reliably measured.

Commission income and other income for services rendered are recorded in the financial statements in the period in which the services are actually provided.

Dividends are recognised in the profit and loss account at the time their distribution is resolved upon.

Other revenues are recognised in the financial statements in accordance with the accrual principle. More specifically:

- interest is recognised on an accrual basis that considers the effective return earned;
- late-payment interest is only recorded when received;
- as regards trading in financial instruments, please note that if the consideration received/paid is significantly different from the reliably measured fair value, the difference is recognised in the profit and loss account as prescribed by IAS 39.

4. Fair value of financial assets/liabilities: “Information on notes”

As regards short-term receivables and payables, the amount paid/collected is deemed to approximate their fair value. As regards the part of receivables that is represented by mortgage loans granted to customers and shares in issue, given the fact that they are variable-rate transactions, their book value was deemed to be equal to their fair value.

5. Fair value option

The Banca Finnat Group has not used the fair value option set forth by IAS 39: therefore, the related balance sheet and profit and loss account items are not reported in the formats since they were not measured.

A.3 - Information on fair value

The update of 18 November 2009 of Circular no. 262/2005 of Bank of Italy introduced this section on information on fair value which governs "Transfer between portfolios" and "Fair value hierarchy".

Transfer between portfolios

The Group has carried out the following transfers between portfolios in the presence of "rare circumstances", as permitted by IAS 39:

- during the 2008 financial year, the Bank transferred some debenture bonds from the portfolio "financial assets held for trading" to the portfolio "Assets held to maturity" for a total nominal value of 3,600 thousand euros.
  If this reclassification had not been done, capital losses would have been recorded starting from the reclassification date, totalling a gross 6 thousand euros, 138 thousand euros of which was in the first half of 2010.

- in this half year, the Bank transferred 3 UCI shares from the portfolio "financial assets held for trading" to the portfolio "available-for-sale financial assets".
  On 30 December 2009, upon establishment, the Bank had subscribed 14 units of the Apple real estate fund for an equivalent of 7,000,000 euros in order to assign them to institutional investors at the beginning of 2010. Therefore, these units were classified under "financial assets held for trading".
  When the units were ceded, the purchasing investors of the fund offered the Bank the opportunity to maintain 3 units for a total value of 1,500,000 euros. Given the standing of the participants and the investment's prospective profits, the Parent Company considered it cost effective to maintain the investment, therefore changing the initial purpose of holding the financial instruments for a short time and involving them in a trading transaction. In light of what is indicated above, since the purpose and ends of the investment have changed, the Bank transferred the 3 units of the Apple real estate fund from the "HFT" portfolio to the "AFS" portfolio in the second quarter of 2010, at the book value of 1,500,000 euros, which corresponds to the fair value at that date.

Below are the statements regarding those reclassified financial assets.

Transfer of financial assets held for trading

Type of financial instrument	Source portfolio	Target portfolio	Book value as at 30.06.2010	Fair value as at 30.06.2010	Items of the income without the transfer (pre-tax)		Items of the income recorded for the year (pre-tax)	
					Items	Other	Items	Other
Debt securities	HFT	HTM	3,266	3,160	(138)	19	–	50
UCIs	HFT	AFS	1,500	1,500	–	–	–	–

Reclassified financial assets: effects on total earnings before transfer

Type of financial instrument	Source portfolio	Target portfolio	Gains/losses in the profit and loss account (pre-tax)		Net equity gains/losses (pre-tax)	
			30.06.2010	31.12.2009	30.06.2010	31.12.2009
UCIs	HFT	AFS	–	–	–	–

There are no effects on comprehensive income before transfer since the book value of the 3 Apple real estate fund units equalling 1,500,000 euros corresponded to the fair value at the transfer date.

Fair value hierarchy

The balances as at 30 June 2010 and as at 31 December 2009 of the portfolios of financial instruments carried at fair value are reported below, divided based on a hierarchy which reflects the significance of the inputs utilised in the measurements.

The hierarchy is determined according to the following three levels:

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is measured according to assessment techniques referring to parameters seen on the market, other than the listings of the financial instrument;
- level 3: if the fair value is calculated according to assessment techniques referring to parameters not observed on the market.

	30.06.2010			31.12.2009		
Financial assets/liabilities carried at fair value	**L1**	**L2**	**L3**	**L1**	**L2**	**L3**
1. Financial assets held for trading	110,734	2,269	1	42,043	19,659	1
2. Financial assets carried at fair value						
3. Available-for-sale financial assets	18,460	21,297	9,403	24,421	13,377	9,687
4. Hedging derivatives						
Total	**129,194**	**23,566**	**9,404**	**66,464**	**33,036**	**9,688**
1. Financial assets held for trading	–	943	–		284	
2. Financial assets carried at fair value						
3. Hedging derivatives						
Total	**–**	**943**	**–**	**–**	**284**	**–**

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

Part B - Information on the consolidated balance sheet

ASSETS

Section 1 - Cash and cash equivalents - Item 10

1.1 Cash and cash equivalents: breakdown

	Total 30.06.2010	Total 31.12.2009
a) Cash	199	275
b) Demand deposits at central banks	234	135
Total	**433**	**410**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: breakdown by type

Items/Amounts	Total 30.06.2010			Total 31.12.2009		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	73,666	1,713	–	38,777	1,602	–
1.1 Structured securities	–	–	–			
1.2 Other debt securities	73,666	1,713	–	38,777	1,602	
2. Equity securities	3,285	–	–	353	–	–
3. UCI shares	33,783	542	1	2,913	18,057	1
4. Loans	–	–	–	–	–	–
4.1 Outstanding repos	–	–	–			
4.2 Others	–	–	–			
Total A	**110,734**	**2,255**	**1**	**42,043**	**19,659**	**1**
B. Derivatives						
1. Financial derivatives:	–	14	–	–	–	–
1.1 held for trading	–	14	–	–	–	–
1.2 related to the fair value option	–	–	–	–	–	–
1.3 other	–	–	–	–	–	–
2. Credit derivatives	–	–	–	–	–	–
2.1 held for trading	–	–	–	–	–	–
2.2 related to the fair value option	–	–	–	–	–	–
2.3 other	–	–	–	–	–	–
Total B	**–**	**14**	**–**	**–**	**–**	**–**
Total (A+B)	**110,734**	**2,269**	**1**	**42,043**	**19,659**	**1**

The financial assets held for trading are under the exclusive responsibility of the Bank and also include derivatives for management hedging that do not comply with the requirements of IAS 39 for identifying hedging transactions.

The Thema mutual fund unit (0.89) for a total of 542 thousand euros redeemed by 30 June 2010, for which the Bank is waiting for the equivalent value has also been kept in financial assets held for trading (Cash assets - 3. UCI Units - L2).

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

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

Items/Amounts	Total 30.06.2010			Total 31.12.2009		
	L1	L2	L3	L1	L2	L3
1. Debt securities	1	–	–	2,148	–	–
1.1 Structured securities	–	–	–	–	–	–
1.2 Other debt securities	1	–	–	2,148	–	–
2. Equity securities	12,264	–	9,403	15,980	–	9,687
2.1 Carried at fair value	12,264	–	–	15,980	–	–
2.2 Carried at cost	–	–	9,403	–	–	9,687
3. UCI shares	6,195	21,297	–	6,293	13,377	–
4. Loans	–	–	–	–	–	–
Total	**18,460**	**21,297**	**9,403**	**24,421**	**13,377**	**9,687**

Equity securities correspond to the Bank's strategic investments and are divided up as follows:

- Level 1 (carried at fair value): London Stock Exchange Group plc and COGEME S.p.A.;
- Level 3 (carried at cost): Fideuram Investimenti SGR S.p.A., Società per i Servizi Bancari - S.S.B S.p.A., Anima SGR S.p.A. (previously Bipiemme Gestioni S.p.A.), Beni Stabili Gestioni SGR S.p.A., Visa and PRO MAC S.p.A.

Equity securities, whose values are given in the column in relation to Level 3, have been carried at cost both in 2009 and in these abbreviated consolidated half-yearly financial statements, as the Bank considers, in a prudent viewpoint, that the conditions are not met by which to calculate a reliable fair value.

The UCI shares (Level 2) are mainly comprised of Fondo Immobili Pubblici (FIP) shares owned by the Bank, whose fair value was determined referring to the 27 July 2010 provisional price.

This level also includes the 3 Apple Fund units transferred in the half year (as noted in Section A.3 Information on fair value) from the financial trading assets portfolio.

Section 5 - Financial assets held to maturity - Item 50

5.1 Financial assets held to maturity: breakdown by type

	Total 30.06.2010				Total 31.12.2009			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	3,266	3,160	–	–	3,236	3,299	–	–
- structured securities	–							
- other securities	3,266	3,160			3,236	3,299		
2. Loans	–	–	–	–				
Total	**3,266**	**3,160**	**–**	**–**	**3,236**	**3,299**	**–**	**–**

Key:
FV = fair value
BV = book value

This item refers to certain debenture bonds of the Bank transferred during the 2008 financial year, as already illustrated in Section A.3. Information on fair value, from the portfolio “Financial assets held for trading”.

Section 6 - Due from banks - Item 60

6.1 Due from banks: breakdown by type

Type of transaction/Amount	Total 30.06.2010	Total 31.12.2009
A. Due from central banks	**–**	**–**
1. Fixed-term deposits	–	–
2. Obligatory reserve	–	–
3. Outstanding repos	–	–
4. Other	–	–
B. Due from banks	**79,607**	**134,558**
1. Current accounts and demand deposits	30,170	24,227
2. Fixed-term deposits	49,423	68,886
3. Other loans:	14	41,445
3.1 Outstanding repos	–	41,413
3.2 Finance lease	–	–
3.3 Other	14	32
4. Debt securities	–	–
4.1 Structured securities	–	
4.2 Other debt securities	–	
Total (book value)	**79,607**	**134,558**
Total (fair value)	**79,607**	**134,558**

Item 2 “Fixed-term deposits” includes the Bank’s deposit of 4,408 thousand euros in the Obligatory reserve.

Section 7 - Due from customers - Item 70

7.1 Due from customers: breakdown by type

Type of transaction/Amount	Total 30.06.2010		Total 31.12.2009	
	Performing	Impaired	Performing	Impaired
1. Current accounts	119,480	1,252	82,858	1,046
2. Outstanding repos	25,540	–	–	–
3. Mortgages	101,675	1,891	96,512	399
4. Credit cards, personal loans and loans on salary	–	–	–	–
5. Finance lease	–	–	–	–
6. Factoring	–	–	–	–
7. Other transactions	12,074	100	51,189	–
8. Debt securities	–	–	–	–
8.1 Structured securities	–	–	–	–
8.2 Other debt securities	–	–	–	–
Total (book value)	**258,769**	**3,243**	**230,559**	**1,445**
Total (fair value)	**258,769**	**3,243**	**230,559**	**1,445**

The item "Due from customers" amounts to 262,012 thousand euros and does not include debt securities.

At the reporting date, the Bank does not have restructured loans and non performing loans, while "impaired assets" which have not been directly written down, equalling 3,155 thousand euros (gross of lump-sum impairment, pro rata compared to the total of 12 thousand euros) are represented by:

- current account loans continuously past due by more than 180 days equating to 1,131 thousand euros;
- mortgage loans with instalments past due by more than 180 days equalling 809 thousand euros (made up of 9 thousand euros of instalments past due and 800 thousand euros of capital due);
- problem loans for a total of 1,215 thousand euros, represented by 12 current account loans of 126 thousand euros and 3 mortgage loans of 1,089 thousand euros (made up of 10 thousand euros of instalments past due and 1,078 thousand of capital due).

On the basis of an analysis of the individual positions of "impaired assets", it has not been considered appropriate to apply analytical write-downs, also in view of the repayments made in the period following the 30 June 2010 half-year close, and the forecasted recoverability of the credit in view of the adequate coverage of the individual positions offered by collateral and/or personal securities.

Despite the lack of elements or historic series of bad debt, on the basis of the Bank's experience and prudential logic, since 2008 the Bank has written down unsecured loans generally. The write-down was based on the average historic series for default rates on unsecured loans, provided by the Risk Centre (336 thousand euros). Furthermore, as it was the first case of this type which occurred up to this point, the Bank prudentially proceeded with writing down the amount of a loan of an insignificant amount (205 thousand euros) deriving from the excussion of a bank guarantee issued in favour of a customer which was not correctly concluded. The Bank furthermore integrally adjusted a receivable due from third parties for consulting services of an insignificant amount (200 thousand euros).

Therefore, as at 30 June 2010, the Bank reported 741 thousand euros in the profit and loss account under item 130 a) “Net value adjustments for impairment of loans”, and consequently the amount of provisions reached the total amount of 1,542 thousand euros, of which 405 thousand euros derived from analysis and 1,137 thousand euros was lump-sum.

The item 7. Loans for other impaired transactions of 100 thousand euros refers to the subsidiary Calipso, and represents the value of impaired loans net of value adjustments carried out in previous years.

Section 10 - Equity investments - Item 100

10.2 Equity investments in subsidiaries, jointly controlled companies or companies under considerable control: accounting information

Company name	Net equity	Consolidated book value	Fair value
A. Equity investments valued by equity method			
A.1 jointly controlled			X
A.2 under considerable control	50,906	10,188	
1. Prèvira Invest SIM S.p.A.	2,600	520	
2. Sigefi Italia Private Equity S.p.A.	135	34	
3. Imprebanca S.p.A.	48,171	9,634	
B. Companies consolidated proportionally		**X**	**X**

Section 12 - Tangible assets - Item 120

12.1 Tangible assets: Breakdown of the assets carried at cost

Assets/Amounts	Total 30.06.2010	Total 31.12.2009
A. Assets for functional use		
1.1 owned	**6,418**	**6,675**
a) land	1,308	1,308
b) buildings	3,478	3,562
c) furniture	862	883
d) electronic equipment	755	879
e) other	15	43
1.2 acquired under finance lease	**3**	**–**
a) land	–	
b) buildings	–	
c) furniture	1	–
d) electronic equipment	–	
e) other	2	–
Total A	6,421	6,675
B. Assets held for investment		
2.1 owned	**–**	**–**
a) land	–	–
b) buildings	–	–
2.2 acquired under finance lease	**–**	**–**
a) land	–	–
b) buildings	–	–
Total B	–	–
Total (A+B)	6,421	6,675

Section 13 - Intangible assets - Item 130

13.1 Intangible assets: breakdown by asset

Assets/Amounts	Total 30.06.2010		Total 31.12.2009	
	Fixed maturity	No fixed maturity	Fixed maturity	No fixed maturity
A.1 Goodwill:	X	300	X	300
A.1.1 pertaining to the Group	X	300	X	300
A.1.2 pertaining to minority interests	X	–	X	
A.2 Other intangible assets	434	1,003	526	1,003
A.2.1 Assets carried at cost:	434	1,003	526	1,003
a) Intangible assets generated internally	–	–		
b) Other assets	434	1,003	526	1,003
A.2.2 Assets carried at fair value:	–	–	–	–
a) Intangible assets generated internally	–	–		
b) Other assets	–	–		
Total	**434**	**1,303**	**526**	**1,303**

Section 14 - Tax assets and liabilities - Item 140 of assets and Item 80 of liabilities

Current tax assets amount to 1,619 thousand euros (1,408 thousand euros at 31 December 2009) and include VAT credits for 39 thousand euros, 418 thousand euros of tax credits for IRPEG and IRAP taxes from previous years, 605 thousand euros for IRES deriving from the domestic tax consolidation, 247 thousand euros for IRAP, and other tax credits of 310 thousand euros.

Current tax liabilities amount to 350 thousand euros (415 thousand euros at 31 December 2009) and relate to current tax payables for a total of 175 thousand euros, VAT payments of 23 thousand euros and other payables of 152 thousand euros.

Prepaid taxes are primarily related to a lower tax burden for the Bank, related to the depreciation of goodwill that will affect the calculation of taxable income in future years, until 2019. This goodwill, originally 21,440 thousand euros, was recorded in 2003 upon the merger by incorporation of Banca Finnat Euramerica S.p.A. and Finnat Corporate S.p.A with Terme Demaniali di Acqui S.p.A.

14.1 Prepaid tax assets: breakdown

	Total 30.06.2010	Total 31.12.2009
Goodwill	3,447	3,659
Write-down of securities	28	19
Write-down of receivables	303	194
Staff severance fund	16	10
Administrative expenses	84	264
Assets	3	3
Other	468	471
Total	**4,349**	**4,620**

14.2 Deferred tax liabilities: breakdown

	Total 30.06.2010	Total 31.12.2009
Assets	38	38
Revaluation of securities	1,802	1,510
Allocation of merger difference on securities	74	74
Placement commissions	1,798	1,960
Other tax liabilities	14	16
Total	**3,726**	**3,598**

Current, prepaid and deferred taxes have been determined by applying the prevailing IRES and, where applicable, IRAP tax rates at the time of preparation of these half-yearly financial statements.

Section 16 - Other assets - Item 160

16.1 Other assets: breakdown

	Total 30.06.2010	Total 31.12.2009
Receivables for guarantee deposits	300	320
Advance payments to suppliers	56	24
Receivables for transactions in securities to be settled	2,264	46,295
Deposits with Cassa Compensazione e Garanzia	5,469	4,566
Due from counterparties and brokers	34,459	5,336
Due from third parties for sale of equity investments	4,222	4,182
Tax credits for withholding tax	306	907
Sundry receivables	8,574	11,544
Total	**55,650**	**73,174**

The item sundry receivables includes 465 thousand euros, equalling the amount attributed to the Bank for the extinction of a right that it acquired in 1982 - deriving from the final distribution of a company in extraordinary administration, subject to insolvency proceedings - which was notified to the Parent Company by the liquidator in April, confirmed in June and subsequently collected in July of this year.

LIABILITIES

Section 1 - Due to banks - Item 10

1.1 Due to banks: breakdown by type

Type of transaction/Items of the Group	Total 30.06.2010	Total 31.12.2009
1. Due to central banks	–	
2. Due to banks	**83,324**	**35,491**
2.1 Current accounts and demand deposits	537	2,227
2.2 Fixed-term deposits	42,024	17,015
2.3 Loans	40,759	16,243
2.3.1 reverse repos	40,691	16,192
2.3.2 other	68	51
2.4 Amounts due under repurchase agreements of own equity instruments	–	–
2.5 Other liabilities	4	6
Total	**83,324**	**35,491**
Fair value	**83,324**	**35,491**

Section 2 - Due to customers - Item 20

2.1 Due to customers: breakdown by type

Type of transaction/Items of the Group	Total 30.06.2010	Total 31.12.2009
1. Current accounts and demand deposits	250,307	256,645
2. Fixed-term deposits	5,211	10,614
3. Loans	–	–
3.1 reverse repos	–	–
3.2 others	–	–
4. Amounts due under repurchase agreements of own equity instruments	–	–
5. Other liabilities	1,543	5,199
Total	**257,061**	**272,458**
Fair value	**257,061**	**272,458**

Section 3 - Outstanding securities - Item 30

The item includes debenture loans issued by the Bank inclusive of the accrued coupon.

3.1 Outstanding securities: breakdown by type

Type of securities/ Amount	Total 30.06.2010				Total 31.12.2009			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	**33,688**	**–**	**–**	**33,688**	**20,874**	**–**	**–**	**20,874**
1. bonds	33,688	–	–	33,688	20,874	–	–	20,874
1.1 structured								
1.2 other	33,688			33,688	20,874			20,874
2. other securities	–	–	–	–	–	–	–	–
2.1 structured								
2.2 others								
Total	**33,688**	**–**	**–**	**33,688**	**20,874**	**–**	**–**	**20,874**

The amount is net of securities temporarily held by the Bank for a nominal value of 10,000 thousand euros and held for trading.

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: breakdown by type

Type of transactions/ Items of the Group	Total 30.06.2010					Total 31.12.2009				
	NV	FV			FV*	NV	FV			FV*
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities	–	–	–	–		–	–	–	–	
1. Due to banks										
2. Due to customers					–					
3. Debt securities	–	–	–	–	–	–	–	–	–	
3.1 Bonds	–	–	–	–		–	–	–	–	
3.1.1 Structured					X					X
3.1.2 Other bonds					X					X
3.2 Other securities	–	–	–	–		–	–	–	–	
3.2.1 Structured					X					X
3.2.2 Other					X					X
Total A	**–**	**–**	**–**	**–**	**–**					
B. Derivatives		**–**	**943**	**–**			**–**	**284**	**–**	
1. Financial derivatives		–	943	–			–	284	–	
1.1 Trading	X	–	943	–	X	X		284		X
1.2 Related to the fair value option	X				X	X				X
1.3 Others	X				X	X				X
2. Credit derivatives		–	–	–			–	–	–	
2.1 Trading	X				X	X				X
2.2 Related to the fair value option	X				X	X				X
2.3 Others	X				X	X				X
Total B	**X**	**–**	**943**	**–**	**X**	**X**	**–**	**284**	**–**	**X**
Total (A+B)	**X**	**–**	**943**	**–**	**X**	**X**	**–**	**284**	**–**	**X**

Key:
FV = fair value
FV* = fair value calculated excluding the changes in value due to the change in the credit rating of the issuer in relation with the issue date
NV = face or notional value

L1 = Level 1
L2 = Level 2
L3 = Level 3

Financial liabilities held for trading - entirely ascribable to the Bank - amount to 943 thousand euros and include the measurement of the following management risk hedging derivatives that do not comply with IAS 39 for the identification of hedging transactions:

- fair value of an Interest Rate Swap Amortizing for 272 thousand euros. This derivative instrument represents an operation to hedge the interest rate risk linked to the issue of a fixed-rate mortgage;
- fair value for 671 thousand euros on the forward sale of 9.9 million pounds sterling to hedge against the exchange risk relating to the London Stock Exchange Group plc securities.

Section 8 - Tax liabilities - Item 80

See Section 14 of assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

	Total 30.06.2010	Total 31.12.2009
Social security and insurance contributions to be paid	756	1,074
Other items related to staff and other employees	2,201	2,102
Emoluments to be paid to the Board of Directors	272	308
Emoluments to be paid to the Board of Statutory Auditors	106	251
Due to suppliers	1,119	1,682
Other payables for transactions to be settled with a subsequent value date	24,430	46,258
Shareholders for dividends to be paid	395	280
Payables to brokers and institutional counterparties	4,729	966
Payables for share capital increase	–	6,375
Tax credits for withholding tax	859	4,348
Other payables	2,367	2,382
Total	**37,234**	**66,026**

The increase of the "*Other liabilities*" item compared to 31 December 2009, equal to 28,792 thousand euros, mainly refers to transactions in securities that will be settled after the end of the half-year.

Section 11 - Staff severance fund - Item 110

11.1 Staff severance fund: annual changes

	Total 30.06.2010	Total 31.12.2009
A. Opening balance	**3,693**	**3,313**
B. Increases	**523**	**1,149**
B.1 Allocation for the year	523	1,149
B.2 Other increases	–	–
C. Decreases	**884**	**769**
C.1 Severance indemnities paid out	738	240
C.2 Other decreases	146	529
D. Closing balances	**3,332**	**3,693**

Section 12 - Provisions for risks and charges - Item 120

12.1 Provisions for risks and charges: breakdown

Items/Components	Total 30.06.2010	Total 31.12.2009
1. Company retirement funds	–	
2. Other provisions for risks and charges	9	9
2.1 Legal disputes	–	
2.2 Staff costs	–	
2.3 Other	9	9
Total	**9**	**9**

The item is entirely ascribable to the subsidiary Investire Immobiliare SGR.

Section 15 - Net equity pertaining to the Group - Items 140, 170, 190, 200 and 220

15.1 "Share capital" and "Own shares": Breakdown

As at 30 June 2010, the share capital paid up by the Bank was 72,576,000 euros divided into 362,880,000 ordinary shares with a face value of 0.20 euros each and the Bank held 12,742,005 own shares in its portfolio equal to 3.51% of the share capital.

In application of IAS 32 and Circular no. 262/2005, own shares held as at 30 June 2010 entirely ascribable to the Bank were used to adjust the net equity for an amount of 8,010 thousand euros, equal to their purchase cost.

15.2 Capital - Number of shares of the parent company: annual changes

Items/Types	Ordinary	Other
A. Number of shares at the beginning of the year	**362,880,000**	
- fully paid-up	362,880,000	
- partly paid-up		
A.1 Own shares (-)	(10,200,753)	
A.2 Outstanding shares: opening balance	**352,679,247**	
B. Increases	**-**	
B.1 New issues		
- against payment:		
- business combinations		
- conversion of bonds		
- exercise of warrants		
- other		
- on a free basis:		
- in favour of staff		
- in favour of directors		
- other		
B.2 Sale of own shares		
B.3 Other changes		
C. Decreases	**2,541,252**	
C.1 Cancellation		
C.2 Purchase of own shares	2,541,252	
C.3 Disposal of companies		
C.4 Other changes		
D. Outstanding shares: closing balance	**350,137,995**	
D.1 Own shares (+)	12,742,005	
D.2 Number of shares at the end of the year	362,880,000	
- fully paid-up	362,880,000	
- partly paid-up		

15.4 Retained earnings: other information

The “reserves” item amounts to 93,487 thousand euros (92,983 thousand euros at 31 December 2009) and relates to:

- the Bank’s retained earnings of 79,763 thousand euros comprising: legal reserve 7,687 thousand euros, dividend adjustment reserve 7,258 thousand euros, reserve for own shares purchased 8,010 thousand euros, reserve for purchase of own shares 19,684 thousand euros, and extraordinary reserve 37,124 thousand euros;
- other reserves for 13,724 thousand euros, consisting of: gains on the sale of own shares for 4,345 thousand euros attributable to the Bank, and the remainder reserves resulting from consolidation.

Section 16 - Net equity pertaining to minority interests - Item 210

16.1 Minority interest: breakdown

Items/Amounts	Total 30.06.2010	Total 31.12.2009
1. Share capital		–
2. Share issue premiums		–
3. Reserves	3,585	3,765
4. (Own shares)	–	–
5. Valuation reserves	(261)	(263)
6. Capital instruments		–
7. Net profit (loss) for the year	613	615
Total	**3,937**	**4,117**

Part C - Information on the profit and loss account

Section 1 - Interest - Items 10 and 20

1.1 Interest income and similar income: breakdown

Items/Categories	Debt securities	Loans	Other transactions	Total 1st half 2010	Total 1st half 2009
1. Financial assets held for trading	499	–	–	499	442
2. Financial assets carried at fair value	–	–	–	–	–
3. Available-for-sale financial assets	11	–	–	11	9
4. Financial assets held to maturity	50	–	–	50	77
5. Due from banks	–	183	7	190	1,261
6. Due from customers	–	2,600	–	2,600	2,161
7. Hedging derivatives	X	X	–	–	–
8. Other assets	X	X	49	49	72
Total	**560**	**2,783**	**56**	**3,399**	**4,022**

1.4 Interest expense and similar expense: breakdown

Items/Categories	Payables	Securities	Other transactions	Total 1st half 2010	Total 1st half 2009
1. Due to Central Banks	–	X	–	–	–
2. Due to banks	233		1	234	127
3. Due to customers	338	X	–	338	1,449
4. Outstanding securities	X	165	–	165	–
5. Financial liabilities held for trading	–	–	–	–	–
6. Financial liabilities carried at fair value	–	–	–	–	–
7. Other liabilities and funds	X	X	–	–	–
8. Hedging derivatives	X	X	–	–	–
Total	**571**	**165**	**1**	**737**	**1,576**

Section 2 - Commissions - Items 40 and 50

2.1 Commission income: breakdown

Tipologia servizi/Valori	Total 1st half 2010	Total 1st half 2009
a) guarantees given	32	22
b) credit derivatives	–	–
c) administration, brokerage and consultancy services:	15,805	12,856
1. trading in financial instruments	3,036	2,600
2. trading in currencies	–	–
3. asset management	9,485	6,581
3.1. individual	2,571	1,912
3.2. collective	6,914	4,669
4. custody and administration of securities	1,235	832
5. custodian bank	–	–
6. securities placement	899	341
7. acceptance of trading orders	–	–
8. consulting	1,105	2,462
8.1. investment consulting	–	1,388
8.2. financial structure consulting	1,105	1,074
9. distribution of third-party services	45	40
9.1. asset management	–	–
9.1.1 individual	–	–
9.1.2 collective	–	–
9.2. insurance policies	45	40
9.3. other services	–	–
d) collection and payment services	40	46
e) servicing securitisation transactions	–	–
f) factoring services	–	–
g) rate and tax collection office services	–	–
h) multilateral trading systems management		
i) current account keeping and management	58	
j) other services	153	135
Total	**16,088**	**13,059**

Net commissions show an increase of 3,029 thousand euros (+23%), comprising 1,668 thousand euros with reference to the Bank and 1,361 thousand euros for the other Group companies.

2.2 Commission expense: breakdown

Services/Amounts	Total 1st half 2010	Total 1st half 2009
a) guarantees received	–	–
b) credit derivatives	–	–
c) management and brokerage services:	1,090	1,836
1. trading in financial instruments	346	324
2. trading in currencies	–	–
3. asset management:	176	941
3.1 own portfolio	78	–
3.2 third-party portfolio	98	941
4. custody and administration of securities	62	58
5. placement of financial instruments	506	513
6. sales of financial instruments, products and services through other outlets	–	–
d) collection and payment services	64	58
e) other services	17	20
Total	**1,171**	**1,914**

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total 1st half 2010		Total 1st half 2009	
	Dividends	Income from UCI shares	Dividends	Income from UCI shares
A. Financial assets held for trading	220	–	12	122
B. Available-for-sale financial assets	241	586	286	416
C. Financial assets carried at fair value	–	–		
D. Equity investments	–	X	–	X
Total	**461**	**586**	**298**	**538**

Section 4 - Net income from trading activities - Item 80

4.1 Net income from trading activities: breakdown

Transactions/Income items	Gains (A)	Profit from trading activities (B)	Losses (C)	Losses from trading activities (D)	Net income [(A+B) - (C+D)]
1. Financial trading assets	**428**	**1,318**	**1,016**	**156**	**574**
1.1 Debt securities	132	1,180	333	77	902
1.2 Equity securities	3	35	255	39	(256)
1.3 UCI shares	293	103	428	40	(72)
1.4 Loans	–	–	–	–	–
1.5 Other	–	–	–	–	–
2. Financial trading liabilities	**–**	**–**	**–**	**–**	**–**
2.1 Debt Securities	–	–	–	–	–
2.2 Payables	–	–	–	–	–
2.3 Other	–	–	–	–	–
3. Other assets: exchange differences	**X**	**X**	**X**	**X**	**(437)**
4. Derivative instruments	**–**	**1,266**	**272**	**1,314**	**(978)**
4.1 Financial derivatives:	–	1,266	272	1,314	(978)
- On debt securities and interest rates	–	–	272	40	(312)
- On equity securities and stock indices	–	1,266	–	1,274	(8)
- On currencies and gold	X	X	X	X	(658)
- Other	–	–	–	–	–
4.2 Credit derivatives	–	–	–	–	–
Total	**428**	**2,584**	**1,288**	**1,470**	**(841)**

Net income from trading activities, connected exclusively to Bank operations, was negative by 841 thousand euros, compared to 347 thousand euros recorded in the previous period. The balance comprises:

- negative difference between unrealised gains and losses due to the fair value valuation of the trading portfolio for 588 thousand euros;
- unrealised losses for 930 thousand euros regarding the measurement at fair value of forward sales of foreign currency and interest rate swaps;
- positive balance between profits and losses of trading on securities and derivative instruments for 1,114 thousand euros; This amount includes the realised profit of 80 thousand euros from the sale of Lehman Brothers Holding Inc. FL bonds (face value 400 thousand euros) entirely written down and posted to the financial statements starting from the 2008 financial year, at a symbolic value of 1 euro;
- negative balance from profits and losses made on exchange rate transactions for a total of 437 thousand euros. This amount includes the 543 thousand euros loss on forward sales of sterling against euros to hedge against exposure to exchange rate risk related to the LSEG shares which does not fulfil the requirements provided under IAS 39 with respect to identification of hedging transactions.

Section 6 - Profit (loss) from disposal/repurchase - Item 100

6.1 Profit (loss) from disposal/repurchase: breakdown

Items/Income items	Total 1st half 2010			Total 1st half 2009		
	Profit	Losses	Net income	Profit	Losses	Net income
Financial assets						
1. Due from banks	–	–	–	–	–	–
2. Due from customers	–	–	–	–	–	–
3. Available-for-sale financial assets	815	–	815	1,499	–	1,499
3.1 Debt securities	12	–	12	–	–	–
3.2 Equity securities	541	–	541	1,420		1,420
3.3 UCI shares	262	–	262	79	–	79
3.4 Loans	–	–	–	–	–	–
4. Financial assets held to maturity	–	–	–	–	–	–
Total assets	**815**	**–**	**815**	**1,499**	**–**	**1,499**
Financial liabilities						
1. Due to banks	–	–	–			–
2. Due to customers	–	–	–			–
3. Outstanding securities	–	–	–			–
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**

For the first half of 2010, the item 3.2 “Equity securities” concerns the gain realised by the Bank after selling 195,000 London Stock Exchange Group plc shares.

Item 3.3 UCI shares, regarding the first half of 2010, refers to the subsidiary of New Millennium Advisory in liquidation.

Section 8 - Net value adjustments/write-backs for impairment - Item 130

8.1 Net value adjustments for impairment of loans: breakdown

Transactions/ Income items	Value adjustments (1)			Write-backs (2)				Total 1st half 2010	Total 1st half 2009
	Specific		Portfolio	Specific		Portfolio		(1) - (2)	
	Derecognition	Other		A	B	A	B		
A. Due from banks	–	–	–	–	–	–	–	–	–
- Loans									
- Debt securities									
B. Due from customers	–	405	376	–	–	–	–	781	305
- Loans		405	376					781	305
- Debt securities									
C. Total	**–**	**405**	**376**	**–**	**–**	**–**	**–**	**781**	**305**

Key:
A = from interest
B = other companies

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

Transactions/ Income items	Value adjustments (1)		Write-backs (2)		Total 1st half 2010	Total 1st half 2009
	Specific		Specific		(1) - (2)	
	Derecognition	Other	A	B		
A. Debt securities	–	–	–	–	–	–
B. Equity securities	–	19	X	X	19	–
C. UCI shares	–	–	X	–	–	29
D. Loans to banks	–	–	–	–	–	–
E. Loans to customers	–	–	–	–	–	–
F. Total	**–**	**19**	**–**	**–**	**19**	**29**

Key:
A = from interest
B = other companies

8.4 Net value adjustments for impairment of other financial transactions: breakdown

Transactions/ Income items	Value adjustments (1)			Write-backs (2)				Total 1st half 2010	Total 1st half 2009
	Specific		Portfolio	Specific		Portfolio		(1) - (2)	
	Derecognition	Other		A	B	A	B		
A. Guarantees given	–	–	–	–	–	–	–	–	–
B. Credit derivatives	–	–	–	–	–	–	–	–	–
C. Commitments to disburse funds	–	–	–	–	–	–	–	–	–
D. Other transactions	–	–	–	–	–	–	–	–	20
E. Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**20**

Key:
A = from interest
B = other companies

Section 11 - Administrative expenses - Item 180

11.1 Staff costs: breakdown

Type of expense/Segments	Total 1st half 2010	Total 1st half 2009
1) Staff	9,557	7,502
a) wages and salaries	6,623	5,273
b) social security charges	1,969	1,536
c) staff severance fund	346	242
d) welfare charges	–	–
e) allocation for staff severance fund	177	176
f) allocation to pensions and similar commitments:	–	–
- defined contribution	–	–
- defined benefit	–	–
g) allocation to external supplementary retirement benefit plans:	–	–
- defined contribution	–	–
- defined benefit	–	–
h) costs due to payment agreements based on own capital instruments	–	–
i) other benefits in favour of employees	442	275
2) Other active staff	228	268
3) Directors and statutory auditors	1,050	973
4) Inactive staff		
Total	**10,835**	**8,743**

Following the amendments made to Circular no. 262/2005, the 2009 first-half value was consequently modified, so as to adapt it to 2010 figures, following the reclassification of the amount of 19 thousand euros (third-party insurance policies for directors) from the item “Other administrative expenses” to the item “Staff costs - 3) Directors and statutory auditors.” Furthermore, following the different allocation for the first half of 2010 of certain values relating to the various types of expense, the corresponding amounts from the first half of 2009 were restated.

The increase of “Wages and salaries” and “Social security charges” is mainly due to the Bank’s anticipated investments in human resources.

11.5 Other administrative expenses: breakdown

Type of expense/segments	Total 1st half 2010	Total 1st half 2009
Rentals and condominium fees	1,119	1,132
Membership fees	101	93
EDP materials and other goods	30	13
Stationery and printing supplies	73	60
Vehicle charges	11	13
Consulting and outsourced professional services	1,107	466
Legal, tax advisory and notary fees	195	350
Auditing company fees	161	89
Maintenance	284	306
Utilities and connections	1,273	1,190
Postal, transport and shipment fees	146	103
Insurance fees	24	32
Public relations and advertising expenses	46	51
Office cleaning	98	91
Books, newspapers and magazines	21	22
Entertainment expenses	65	96
Travelling expenses	163	77
Other duties and taxes	106	142
Security charges	36	24
Other	193	307
Total	**5,252**	**4,657**

Following the amendments made to Circular no. 262/2005, the 2009 first-half value was consequently modified, so as to adapt it to 2010 figures, following the reclassification of the amount of 19 thousand euros (third-party insurance policies for directors) from the item "Other administrative expenses" to the item "Staff costs - 3) Directors and statutory auditors".

Section 13 - Net value adjustments/write-backs on tangible assets - Item 200

13.1 Net value adjustments to tangible assets: breakdown

Assets/Income items	Depreciation (a)	Value adjustment for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Tangible assets				
A.1 Owned assets	291	–	–	291
- Functional use	291	–	–	291
- For investment	–	–	–	–
A.2 Acquired under finance lease	–	–	–	–
- Functional use	–	–	–	–
- For investment	–	–	–	–
Total	**291**	**–**	**–**	**291**

Section 14 - Net value adjustments/write-backs on intangible assets - Item 210

14.1 Net value adjustments to intangible assets: breakdown

Assets/Income items	Depreciation (a)	Value adjustment for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Intangible assets				
A.1 Owned assets	143	–	–	143
- Generated internally by the company	–	–	–	–
- Other	143	–	–	143
A.2 Acquired under finance lease	–	–	–	–
Total	**143**	**–**	**–**	**143**

Section 15 - Other operating income/charges - Item 220

The positive net balance of operating income and charges is equal to 752 thousand euros, (222 thousand euros in the first half of 2009). The item includes 465 thousand euros regarding the amount attributed to the Parent Company following the definitive division of liquidation already noted in the comment to the item “Other assets”.

Section 16 - Profit (loss) from equity investments - Item 240

16.1 Profit (losses) of equity investments: breakdown

Income items/Segments	Total 1st half 2010	Total 1st half 2009
1) Jointly controlled companies		
A. Income	–	–
1. Revaluations	–	–
2. Profit from disposals	–	–
3. Write-backs	–	–
4. Other income	–	–
B. Charges	–	–
1. Write-downs	–	–
2. Value adjustments for impairment	–	–
3. Losses from disposals	–	–
4. Other expense	–	–
Net income	**–**	**–**
2) Companies under considerable control		
A. Income	46	15
1. Revaluations	46	15
2. Profit from disposals	–	–
3. Write-backs	–	–
4. Other income	–	–
B. Charges	205	–
1. Write-downs	205	–
2. Value adjustments for impairment	–	–
3. Losses from disposals	–	–
4. Other expense	–	–
Net income	**(159)**	**15**
Total	**(159)**	**15**

Section 20 - Income tax for the period on current operations - Item 290

20.1 Income taxes on current operations: breakdown

Income items/Segments	Total 1st half 2010	Total 1st half 2009
1. Current taxes (-)	(977)	(980)
2. Charges in current taxes compared with previous years (+/-)	(1)	197
3. Reduction in current taxes (+)	–	–
4. Change in prepaid taxes (+/-)	(286)	(287)
5. Change in deferred taxes (+/-)	386	(69)
6. Income taxes for the year (-) (-1+/-2+3+/-4+/-5)	(878)	(1,139)

Section 22 - Profit (loss) for the period pertaining to minority interests - Item 330

Profits pertaining to minority interests are 613 thousand euros compared to 313 thousand euros of the first half of 2009.

Section 24 - Earnings per share

24.1 Average number of ordinary shares with diluted capital

The basic earnings (loss) per share and the diluted earnings (loss) per share at consolidated level are provided below, in accordance with the provisions of IAS 33. As no group company holds shares of the parent company, the consolidated figures are the same as those of the Bank.

The basic earnings (loss) per share is calculated by dividing the consolidated net income (in euros) attributable to holders of the Bank's ordinary shares (the numerator) by the weighted average of ordinary shares in issue (the denominator) during the half year.
For the purposes of calculating the basic earnings (loss) per share, the weighted average of ordinary shares in issue is calculated on the basis of the number of ordinary shares in issue at the beginning of the year, adjusted by the number of ordinary shares purchased or issued or sold during the year multiplied by the number of days that the shares have been in issue in proportion to the total number of days of the period. Own shares are excluded from the calculation of shares in issue.
The diluted earnings (loss) per share is calculated by adjusting the consolidated profit (loss) attributable to holders of ordinary shares and the weighted average of shares in issue, to take into account any impact resulting from cases with a diluting effect.

The table below shows the basic earnings per share.

	30.06.2010	31.12.2009
Net profit (loss) for the period	381,425	4,127,624
Weighted average of ordinary shares	351,751,175	354,110,114
Basic earnings (loss) per share	0.001084	0.011656

The table below shows the basic earnings per share.

	30.06.2010	31.12.2009
Adjusted earnings (loss) for the period	381,425	4,127,624
Weighted average of ordinary shares with diluted capital	351,751,175	354,110,114
Diluted earnings (loss) per share	0.001084	0.011656

As the Bank has no transactions under way that could change the number of shares in issue or the profit (loss) attributable to holders of ordinary shares, the diluted earnings (loss) per share coincides with the basic earnings per share, therefore it was not necessary to proceed with the reconciliation as per IAS 33 paragraph 70.

24.2 Other information

As at the balance sheet date, no financial instruments have been issued that could dilute basic earnings (loss) per share.

Part F - Information on consolidated equity

Section 1 - Consolidated net equity

The net equity pertaining to the Group comprises the total of Capital, Reserves, Own shares, Valuation Reserves and profit for the year. All financial instruments that are not classified as financial assets or liabilities by IAS/IFRS are considered as being part of the Capital.

For supervisory purposes, the aggregate capital figure is calculated on the basis of currently applicable rules prescribed by the Bank of Italy and represents the reference control data of prudential supervisory regulations.

Pursuant to the aforesaid regulations, the Group is required to comply with a minimum solvency ratio of 8% calculated by reference to credit and market risks.

Consolidated equity amounted to 167,779 thousand euros, of which 163,842 thousand euros pertains to the Group and 3,937 thousand euros to minority interests.

B.1 Consolidated net equity: breakdown by company type

Net equity items	Banking group	Insurance companies	Other companies	Consolidation cancellations and adjustments	Total as at 30.06.2010
Share capital	72,576				72,576
Share issue premiums					–
Reserves	96,942		130		97,072
Capital instruments					–
(Own shares)	(8,010)				(8,010)
Valuation reserves:	5,147				5,147
- Available-for-sale financial assets	3,783				3,783
- Tangible assets					–
- Intangible assets					–
- Hedging of foreign investments					–
- Hedging of financial flows					–
- Exchange differences					–
- Non-current assets being disposed					–
- Actuarial profit (loss) related to defined benefits social security plans					–
- Share of valuation reserves of equity investments valued by equity method					–
- Special revaluation regulations	1,364				1,364
Profit (loss) for the year (+/-) of the Group and third parties	987		7		994
Net equity	**167,642**	**–**	**137**	**–**	**167,779**

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

Assets/Amounts	Banking group		Insurance companies		Other companies		Total 30.06.2010	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	–	22	–	–	–	–	–	22
2. Equity securities	2,732	165	–	–	–	–	2,732	165
3. UCI shares	2,343	844	–	–	–	–	2,343	844
4. Loans	–	–	–	–	–	–	–	–
Total 30.06.2010	**5,075**	**1,031**	**–**	**–**	**–**	**–**	**5,075**	**1,031**
Total 31.12.2009	**7,100**	**994**						

The positive reserve shown in item “2. Equity securities” refers to the 1,775,000 London Stock Exchange Group plc shares held by the Bank while item 3. UCI shares regards FIP Fund units also held by the Bank for 2,229 thousand euros.

Section 2 - Regulatory capital and ratios

2.2 Banking regulatory capital

Set out below are the data on the consolidated regulatory capital.

	Total 30.06.2010	Total 31.12.2009
A. Tier 1 capital before the application of prudential filters	**159,081**	**161,959**
B. Prudential filters for Tier 1 capital:	(1,031)	(994)
B.1 IAS/IFRS positive prudential filters (+)		
B.2 IAS/IFRS negative prudential filters (-)	(1,031)	(994)
C. Tier 1 capital including deductions (A+B)	**158,050**	**160,965**
D. Deductions from Tier 1 capital	12,674	13,290
E. Total Tier 1 capital (C-D)	**145,376**	**147,675**
F. Tier 2 capital before the application of prudential filters	**3,707**	**2,837**
G. Prudential filters for Tier 2 capital:	(1,172)	(737)
G.1 IAS/IFRS positive prudential filters (+)		
G.2 IAS/IFRS negative prudential filters (-)	(1,172)	(737)
H. Tier 2 capital including deductions (F+G)	**2,535**	**2,100**
I. Deductions from Tier 2 capital	2,535	2,100
L. Total Tier 2 capital (H-I)		**–**
M. Deductions from total Tier 1 and Tier 2 capital		–
N. Regulatory capital (E+L-M)	**145,376**	**147,675**
O. Tier 3 capital		
P. Regulatory capital including Tier 3 capital (N+O)	**145,376**	**147,675**

2.3 Capital adequacy

Categories/Amounts	Non-weighted amounts		Weighted amounts/ Requirements	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standard methodology	688,580	573,763	339,069	315,762
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitisation				
B. CAPITAL REQUIREMENTS FOR SUPERVISORY PURPOSES				
B.1 Credit and counterparty risk			27,126	25,261
B.2 Market risks				
1. Standard methodology			14,268	9,754
2. Internal models				
3. Concentration risk				
B.3 Operating risk				
1. Basic method			10,222	10,222
2. Standardised method				
3. Advanced method				
B.4 Other prudential requirements				
B.5 Other calculation elements				
B.6 Total prudential requirements			51,616	45,237
C. RISK-WEIGHTED ASSETS AND ADEQUACY RATIOS				
C.1 Weighted risk assets			645,194	565,218
C.2 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)			22.5%	26.1%
C.3 Regulatory capital including Tier 3/Weighted risk assets (Total capital ratio)			22.5%	26.1%

Part H - Related party transactions

As required by IAS 24, information on related party transactions is provided below.

1. Information on the remuneration of Directors, Statutory Auditors and Executives with strategic responsibilities

The table below shows the remuneration of Group directors, statutory auditors and general managers for the first half of 2010.

Remuneration of administration and control officers and general managers

	1st half 2010
Directors	920
Statutory Auditors	130
General Managers	839

2. Information on transactions with related parties

During the half year period, "ordinary" transactions were carried out with "related parties", as governed and defined by CONSOB regulations. These transactions, settled at market conditions, were undertaken based on mutual economic advantage, in accordance with the law and applicable internal procedures.

In the following section, a summary of capital and financial transactions with associated and affiliated companies is presented.

BALANCE SHEET	Payables for c/a transactions	Payables for deposits	Other receivables (payables)
Associated companies			
Prévira Invest Sim S.p.A.	10,373	–	–
Imprebanca S.p.A.	150	42,024	–
Affiliated companies			
Finnat Immobiliare S.r.l.	90		343

PROFIT AND LOSS ACCOUNT	Income (charges) for rents and ancillary expenses	Interest income (expense)	Income (charges) for revenue and sundry charges	Dividends
Associated companies				
Prévira Invest Sim S.p.A.	–	(2)	–	24
Imprebanca S.p.A.	–	(106)	–	
Affiliated companies				
Finnat Immobiliare S.r.l.	(700)	–	(2)	–

3. Equity investments held by directors, statutory auditors and general managers in Banca Finnat Euramerica S.p.A. and subsidiaries

Shares held	Type of ownership	Method of ownership	Shares held at the end of the previous year	Shares purchased, subscribed or converted	Shares sold or converted	Shares held as at 30.06.2010
Nattino Arturo						
BFE	Ownership		–	–	–	–
BFE	Ownership	through trusteeship	78,654,240	–	–	78,654,240
Nattino Giampietro						
BFE	Ownership	direct	–	–	–	–
BFE	Ownership	through trusteeship	11,769,539	–	–	11,769,539
Nattino Angelo						
BFE	Ownership	through trusteeship	3,747,340	–	–	3,747,340
BFE	Usufruct	through trusteeship	13,409,735	–	–	13,409,735
Buonvino Leonardo						
BFE	Ownership	direct	95,000	–	–	95,000
Collettini Paolo						
BFE	Ownership	direct	100,000	–	–	100,000
Rattazzi Lupo						
BFE	Ownership	through GL Investimenti	7,303,000	–	–	7,303,000

Significant non-recurring operations and positions or transactions deriving from atypical and/or unusual operations

Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, it should be noted that:

- in the half year period, no non-recurring events occurred or were carried out, meaning events or operations that usually do not take place in ordinary business operations;

- no atypical and/or unusual transactions took place during the half year period, either intergroup, with related parties, or with third parties. Atypical and/or unusual transactions are those operations which, due to their magnitude/importance, nature of the counterparty, subject of the transaction, method for determining the transfer price and time frame (whether close to the half year or not) may cast doubts on: the accuracy/completeness of financial statement information, conflicts of interest, the safeguarding of the company's net worth and the protection of minority interests.

The most significant Group transactions in the first half of 2010 were commented in a special section of the Interim Report on Operations.

Part L - Segment reporting

The application of IFRS 8, in replacement of IAS 14, has not changed the Group's criteria for identifying operating segments as these are in line with those currently required.

A - Primary reporting

For the purposes of identifying operating segments and to establish the figures to be allocated, the segment reporting of the Banca Finnat Group has considered the organisational and managerial structure of the Group and the internal accounting system used to support the operating decisions of management as a starting point.

The Banca Finnat Group operates principally in Italy; it carries out traditional credit brokerage and provides asset management and administration services.

For the purposes of segment reporting provided for by IAS, the Group adopted the business approach by choosing its main business sectors through which its consolidated operations are carried out as a primary representative base for the breakdown of balance sheet and profit and loss account figures and constitute the internal segment reporting used by business management to allocate resources and analyse their performance.

The segments identified for the purposes of the description of the Group's results from operations, also established on the basis of criteria of business representativeness/prevalence of the business are as follows:

- assets under management;
- assets under administration;
- trusteeships;
- banking services holding and other.

Criteria for the calculation of the profit and loss account by business segment

The calculation of the pre-tax profit for business segments has been performed on the basis of the following criteria:

- The Bank's interest margin also takes into account the figurative performance of owned capital and has been reclassified in the "Banking Services Holding and Other" segment, while, as regards the other group entities, the various differences between interest income and similar income and interest expense and similar expense have been allocated to the relevant Business Area, net of consolidation adjustments.
- Net commissions are established through the direct allocation of the commission components to the various business segments.
- The dividends received by the Bank, net of consolidation adjustments, were reclassified in the "Banking Services Holding and Other" segment; those received by other Group companies were assigned on the basis of the type of business activity performed.
- The net profit from trading activities generated by the Bank was attributed to the business segment which effectively generated such profit; that generated by other group entities was directly allocated on the basis of the business activity performed.

- The Operating Costs item represents an aggregate and includes administrative expenses and Other operating income and expenses as well as Provisions for risks and charges. The expenses incurred by the Bank were assigned on the basis of a model that envisages the direct or indirect allocation of costs to organisational services and subsequently, their allocation through specific *drivers* to the business segments. The expenses of subsidiaries, net of intragroup entries, were directly allocated to the segments on the basis of the business activity performed. Costs that cannot be reasonably allocated and residual costs were allocated to the "Banking Services Holding and Other" segment.
- The aggregate figure for value adjustments includes Value adjustments for impairment and Value adjustments on tangible and intangible assets due to the amortisation process. Items regarding non-divisionalised entities (single segment) were directly allocated on the basis of the relevant business segment, while the divisionalised ones were indirectly allocated through suitable drivers.

Criteria for the calculation of balance sheet aggregates by business segment

- The calculation of balance sheet aggregates was made according to the matching concept with costs/revenues allocated to single segments.
- More specifically:
  - Due from customers are assets employed in operating activities of the sector that are directly attributable to the same.
  - Due to customers - assets under management were reclassified in the "Assets under management" segment, the remaining payables were allocated to the "Banking Services Holding and Other" segment.

Assets/liabilities that cannot be reasonably attributed were allocated to the "Banking Services Holding and Other" segment.

Transactions between business segments

In each business segment, revenues, costs, assets and liabilities are calculated before intragroup balances and intragroup transactions are eliminated within the consolidation process. When intragroup transactions take place between entities belonging to the same business segment, the relative balances are eliminated within the segment in question.

Consolidated aggregate profit and loss account values for the 1st half of 2010 by business segment

Business segments	Assets under management	Assets under administration	Trusteeship	Banking services holding and other	Total
Interest margin	**8**	**–**	**11**	**2,643**	**2,662**
Net commissions	**9,965**	**1,866**	**1,192**	**1,894**	**14,917**
Dividends	–	–	–	1,047	1,047
Net income from trading activities (including profit from AFS)	287	26	12	(351)	(26)
Earnings margin	**10,260**	**1,892**	**1,215**	**5,233**	**18,600**
Operating costs	**(6,826)**	**(1,469)**	**(1,016)**	**(6,458)**	**(15,769)**
Profit (loss) from equity investments	–	–	–	(159)	-159
Net value adjustments for the impairment of:					
- receivables	–	–	(40)	(741)	(781)
- available-for-sale financial assets	–	–	–	(19)	(19)
Pre-tax profit	**3,434**	**423**	**159**	**(2,144)**	**1,872**

Consolidated aggregate balance sheet values as at 30 June 2010 by business segment

Business segments	Assets under management	Assets under administration	Trusteeship	Banking services holding and other	Total
Financial assets	1,507	–	2,222	161,701	165,430
Due from customers	7,775	–	861	253,376	262,012
Due from banks	5,976	–	–	73,631	79,607
Due to customers	15,212	–	–	241,849	257,061
Due to banks	72	–	–	83,252	83,324
Financial liabilities	–	–	–	943	943

B - Secondary reporting

The distribution of balance sheet and profit and loss account figures by geographic area is not illustrated insofar as the Group operates almost exclusively in Italy.

The following table lists all equity investments - directly or indirectly owned by Banca Finnat Euramerica S.p.A. - exceeding a capital share of 10% made up of shares with voting rights in unlisted joint stock companies or in limited liability companies at the date of 30 June 2010.

LIST OF MAIN EQUITY INVESTMENTS IN UNLISTED COMPANIES DIRECTLY OR INDIRECTLY OWNED AS AT 30 JUNE 2010

INVESTEE COMPANY	Shares or quotas held directly or indirectly		Shares or quotas held directly			Shares or quotas held indirectly			
	No. of shares	Quota %	No. of shares	Quota %	Type of ownership	Subsidiary companies	No. of shares	Quota %	Type of ownership
FINNAT INVESTMENTS S.p.A. Piazza del Gesù, 49 - 00186 ROME Tax Code 07346571008 Rome Economic Administrative Register no. 1026752 Face value per share Euro 1	260,000	100.000	260,000	100.000	Ownership				
FINNAT REAL ESTATE S.r.l. Piazza del Gesù, 49 - 00186 ROME Tax Code 05781571004 Rome Economic Administrative Register no. 924646 Face value per quota Euro 96,900	96,900	100.000	96,900	100.000	Ownership				
CALIPSO S.p.A. Piazza del Gesù, 49 - 00186 ROME Tax Code 08226181009 Rome Economic Administrative Register no. 1081855 Face value per share Euro 1.60	157,000	60.385	157,000	60.385	Ownership				
FINNAT SERVIZI ASSICURATIVI S.r.l. Viale Liegi, 10 - 00198 ROME Tax Code 06068281002 Rome Economic Administrative Register no. 946098 Face value per quota Euro 0.51	76,500	51.000	76,500	51.000	Ownership				
SIGEFI ITALIA PRIVATE EQUITY S.p.A. Via Gonzaga Maurizio, 7 - 20123 MILAN Tax Code 04033360969 Milan Economic Administrative Register no. 1720651 Face value per quota Euro 1	30,000	25.000	30,000	25.000	Ownership				
INVESTIRE IMMOBILIARE SGR S.p.A. Piazza del Gesù, 49 - 00186 ROME Tax Code 06931761008 Rome Economic Administrative Register no. 998178 Face value per share Euro 1,000	6,570	76.400	6,570	76.400	Ownership				
FINNAT GESTIONI S.A. Piazza Dante, 7 - 6900 LUGANO Face value per share CHF 1,000	525	70,000	525	70,000	Ownership				
IMPREBANCA S.p.A. Via Properzio, 5 - 00100 ROME Tax Code 09994611003 Rome Economic Administrative Register no. 1202384 Face value per share Euro 1	10,000,000	20.000	10,000,000	20.000	Ownership				
BENI STABILI GESTIONI SGR S.p.A. Via Piemonte, 38 - 00187 ROME Tax Code 05571911006 Rome Economic Administrative Register no. 900875 Face value per share € 1,000	2,523	15.000	2,523	15.000	Ownership				
PREVIRA INVEST SIM S.p.A. Piazza San Bernardo, 106 - 00187 ROME Tax Code 06073551001 Rome Economic Administrative Register no. 945999 Face value per share Euro 10	30,000	20.000	30,000	20.000	Ownership				
NEW MILLENNIUM ADVISORY S.A. 19-21, Boulevard Du Prince Henry - 11724 LUXEMBOURG Face value per share Euro 100	749	99.866	749	99.866	Ownership				
FEDRA FIDUCIARIA S.p.A. Piazza del Gesù, 49 - 00186 ROME Tax Code 07973070589 Rome Economic Administrative Register no. 636350 Face value per share Euro 5	24,000	100.000	24,000	100.000	Ownership				
FINNAT FIDUCIARIA S.p.A. Piazza del Gesù, 49 - 00186 ROME Tax Code 07585500585 Rome Economic Administrative Register no. 620697 Face value per share Euro 5	300,000	100.000	300,000	100.000	Ownership				

The equity investment held in Beni Stabili Gestioni SGR S.p.A. has been reclassified in the Bank's financial statements to the item "Available-for-sale financial assets".

CERTIFICATION OF THE CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS THERETO

1. We, the undersigned Mr. Arturo Nattino, in his capacity as Managing Director, and Mr. Paolo Collettini, in his capacity as Manager in charge of preparing corporate reports and accounting documents of Banca Finnat Euramerica S.p.A., pursuant to the provisions set out in art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998, hereby confirm:
   - the adequacy with reference to the characteristics of the company and
   - the effective application of administrative and accounting procedures in the preparation of the abbreviated consolidated half-yearly financial statements at 30 June 2010.

2. No significant matters emerged.

3. Moreover, it is hereby acknowledged that:

   3.1 the abbreviated consolidated half-yearly financial statements:

   a. are drawn up in compliance with the international accounting standards accepted within the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and the Council, dated 19 July 2002;
   b. correspond to the evidences of the accounting books and entries;
   c. give a true and fair representation of the economic, financial and equity situation of the issuer and of the companies included in the consolidation.

   3.2 The interim report on operations includes a reliable analysis of the references to the significant events that occurred in the first six months of the year and their impact on the abbreviated consolidated half-yearly financial statements with a description of the primary risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Rome, 5 August 2010

The Managing Director	The Manager in charge of preparing corporate reports and accounting documents
(Arturo Nattino)	(Paolo Collettini)

KPMG S.p.A.
Revisione e organizzazione contabile
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Report of the auditing firm on the partial audit of the abbreviated consolidated half-yearly financial statements

To the Shareholders
of Banca Finnat Euramerica S.p.A.

1. We have partially audited the abbreviated consolidated half-yearly financial statements consisting of the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the relevant notes to the financial statements of the Banca Finnat Euramerica Group at 30 June 2010. In compliance with the international accounting standard applicable to interim financial reporting (IAS 34) adopted by the European Union, the directors of Banca Finnat Euramerica S.p.A. are responsible for drawing up the abbreviated consolidated half-yearly financial statements. We are responsible for writing this report based on the partial audit we have performed.

2. Our audit was performed following the criteria for partial audits recommended by Consob with its Resolution no. 10867 of 31 July 1997. The partial audit mainly consisted of collecting information on the items of the abbreviated consolidated half-yearly financial statements and on the homogeneity of the assessment criteria through meetings with Company Management, and in analysing the figures contained in said abbreviated consolidated half-yearly financial statements. The partial audit did not include auditing procedures such as compliance surveys and checks or procedures regarding the validity of the assets and liabilities, and entailed significantly less work than that of a complete audit performed according to the decreed auditing standards. As a result, unlike what is performed on the year-end consolidated financial statements, we do not express a professional opinion regarding the audit of the abbreviated half-yearly financial statements.

   As regards the figures of the consolidated financial statements of the previous year and of the abbreviated consolidated half-yearly financial statements of the previous year presented for comparison, please refer to our reports issued on 13 April 2010 and 25 August 2009, respectively.

KPMG

3. On the basis of the work performed, we did not find any elements that would lead is to believe that the abbreviated consolidated half-yearly financial statements of the Banca Finnat Euramerica Group at 30 June 2010 were not drawn up, in all significant aspects, in compliance with the international accounting standard applicable for interim financial reporting (IAS 34) adopted by the European Union.

Rome, 6 August 2010

KPMG S.p.A.

Alberto Longo
Partner

www.bancafinnat.it

SHARE CAPITAL	Euro 72,576,000 fully paid-in	VAT No.	00856091004
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R.E.A. (Economic and Administrative Register) No.	444286	Website	www.bancafinnat.it
		E-mail	banca@finnat.it
Tax Code No.	00168220069	Investor Relations	investor.relator@finnat.it

Listed on the official stock market with shares traded on the STAR segment
The above data refers to the parent company Banca Finnat Euramerica S.p.A.