MEDIOBANCA INTERNATIONAL
(LUXEMBOURG) S.A.
A wholly-owned subsidiary of Mediobanca Group

Semiannual Report
As at December 31, 2009

MEDIOBANCA INTERNATIONAL (Luxembourg)

SOCIÉTÉ ANONYME

SHARE CAPITAL € 10,000,000.00
HEAD OFFICE: 14, BOULEVARD ROOSEVELT – L-2450 LUXEMBOURG

www.mediobancaint.lu

BOARD OF DIRECTORS

		Term expires	Location
MASSIMO DI CARLO	CHAIRMAN	2011	ITALY
LUCA MACCARI	MANAGING DIRECTOR	2011	LUXEMBOURG
PETER W. GERRARD	»	2011	LUXEMBOURG
DANIEL CARDON DE LICHTBUER	DIRECTOR	2011	BELGIUM
STEFANO PELLEGRINO	»	2011	ITALY
SILVIO PERAZZINI	»	2011	ITALY
FEDERICO POTSIOS	»	2011	ITALY
ALEX SCHMITT	»	2011	LUXEMBOURG

LEGAL ADVISOR

BONN SCHMITT STEICHEN	LUXEMBOURG

INDEPENDENT AUDITOR

ERNST & YOUNG S.A.	LUXEMBOURG

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FINANCIAL SITUATION AS AT 31 DECEMBER 2009

BOARD OF DIRECTORS' REVIEW OF OPERATIONS

This statement of Mediobanca International (Luxembourg) S.A.'s finances for the period ended 31st December 2009 has been prepared in accordance with International Financial Reporting Standards (IFRS) to enable parent company Mediobanca S.p.A. to draw up the consolidated semiannual accounts on a IFRS-compliant basis.

The six months under review reflect a net profit of € 12.313.000 after provision for taxes of € 3.425.000 (31/12/2008: € 6.152.000).

During the period under review, notes worth a total of € 599.433.000 against the company's Medium Term Note Program, while short term funding instruments worth a total of € 443.395.000 were issued against the Certificat de Dépôts Program/Commercial Paper Program. Customer lending amounted to € 3.393.805.000 while net fee and commission income for the period amounted to € 7.096.000.

Subsequent to the reporting date no significant events have occurred which might impact on the company's asset, earnings and financial situation.

Accounts outstanding between the company and the parent and other Group companies are financial in nature and may be summarized as follows:

Parent company:	
Loans & Advances to Mediobanca S.p.A.	€ 413.150.000
Due to Mediobanca S.p.A.	€ 2.430.284.000

The company does not own, nor has it acquired or disposed of during the period under review, any treasury shares or shares in the parent company.

pp. THE BOARD OF DIRECTORS
CHAIRMAN
(Mr M. Di Carlo)

MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

Statement of Directors’ responsibilities

To the best of our knowledge, the annual accounts of MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A. (the “Bank”) give a true and fair view of the assets, liabilities, financial position and profit and loss of the Bank in accordance with applicable accounting standards. The Directors’ report includes a fair view of (I) the Bank’s development, (II) its position, and (III) a description of the opportunities and risks relevant to the Bank that arose during the half-year ended 31 December 2009.

Luxembourg, 12 February 2010

The Board of Directors

Massimo Di Carlo	Luca Maccari	Peter W Gerrard
Silvio Perazzini	Stefano Pellegrino	Federico Potsios
Daniel Cardon de Lichtbuer	Alex Schmitt	

SEMIANNUAL ACCOUNTS [*]

[*] *limited review audit procedures have been performed by the Independent Auditing Firm* Ernst&Young S.A.

BALANCE SHEET

	Assets	31/12/2009	30/06/2009
		€	€
10.	Cash and cash balances with Central Banks	4.998.289	35.018.777
20.	Financial assets held for trading	1.086.421.373	533.385.481
60.	Loans and advances to Credit Institutions	614.207.412	1.976.199.438
70.	Loans and advances to Customers	3.393.805.070	3.561.390.320
80.	Hedging derivatives	96.058.339	80.498.505
120.	Property, plant and equipment	12.308	21.142
140.	Tax assets	-	96.533.431
	a) current	-	-
	b) advance	-	*96.533.431*
160.	Other assets	14.618.447	18.159.023
	TOTAL ASSETS	**5.210.121.238**	**6.301.206.117**

	Liabilities and net equity	31/12/2009	30/06/2009
		€	€
10.	Amounts due to Credit Institutions	2.597.387.205	3.278.768.730
20.	Amounts due to Customers	275.258.572	25.841.603
30.	Debt securities in issue	1.867.197.292	2.469.214.251
40.	Trading liabilities	280.637.044	257.360.249
60.	Hedging derivatives	16.123.913	13.188.621
80.	Tax liabilities	14.835.725	108.153.941
	a) current	*14.835.725*	*11.576.343*
	b) deferred	-	*96.577.598*
100.	Other liabilities	15.142.263	17.452.144
170.	Reserves	121.226.578	91.989.750
190.	Share capital	10.000.000	10.000.000
220.	Profit of the period	12.312.646	29.236.828
	TOTAL LIABILITIES AND NET EQUITY	**5.210.121.238**	**6.301.206.117**

PROFIT AND LOSS ACCOUNT

	CAPTION	31-Dec-09	31-Dec-08
		€	**€**
010.	Interests receivable and similar income	86.307.823	172.977.754
020.	Interests payable and similar charges	-52.360.732	-149.151.740
030.	**Net interest income**	**33.947.091**	**23.826.014**
040.	Fee and commission income	15.583.894	21.205.841
050.	Fee and commission expense	-28.325.573	-10.944.239
060.	**Net fee and commission income**	**-12.741.679**	**10.261.602**
070.	Dividends and similar income	-	-
080.	Net trading income/expense	-3.639.626	-264.841
090.	Net hedging income/expense	-293.207	-791.734
100.	Gain or loss on disposal or repurchase of:	65.917	-
	a) loans and receivables	*65.917*	-
	b) financial assets available for sale	-	-
	c) financial assets held to maturity	-	-
	d) financial liabilities	-	-
110.	Net income from assets and liabilities at fair value	-	-
120.	**Total income**	**17.338.496**	**33.031.041**
130.	Value adjustments in respect of:	-356.267	-
	a) loans and receivables	*-334.499*	-
	b) financial assets available for sale	-	-
	c) financial assets held to maturity	-	-
	d) other financial operations	*-21.768*	-
140.	**Net income from the financial management**	**16.982.229**	**33.031.041**
150.	Net premium income	-	-
160.	Income less expense from insurance operations	-	-
170.	**Net income from financial and insurance operations**	**16.982.229**	**33.031.041**
180.	Administrative expenses:	-1.275.397	-1.092.207
	a) personnel costs	*-450.920*	*-339.754*
	b) other administrative expenses	*-824.477*	*-752.453*
190.	Net transfers to provisions for liabilities and charges	-	-
200.	Value adjustments in respect of tangible assets	-8.834	-8.834
210.	Value adjustements in respect of intangible assets	-	-
220.	Other operating income (expenses)	39.863	3.025
230.	**Operating income/expenses**	**-1.244.368**	**-1.098.016**
240.	Gains (losses) on equity investments	-	-
250.	Net gain (loss) on valuing tangible/intangible assets at fair value	-	-
260.	Net adjustments to goodwill	-	-
270.	Net gain (loss) upon disposal of investments	-	-
280.	**Profit (loss) of the ordinary activity before tax**	**15.737.861**	**31.933.025**
290.	Income tax on the ordinary activity	-3.425.215	-6.151.245
300	**Profit (loss) on ordinary activities after tax**	**12.312.646**	**25.781.780**
310.	Net gain (loss) on groups of assets being sold after tax	-	-
320.	**Net profit (loss) for the year**	**12.312.646**	**25.781.780**
330.	Profit (loss) attributable to minorities	-	-
340.	**Profit (loss) for the year attributable to the Group**	**12.312.646**	**25.781.780**

STATEMENT OF CHANGES IN NET EQUITY

	Balance as of June 30, 2009	Allocation of the profit for the previous period		Changes during the reference period					Dec-09
				Changes to valuation reserves	Transactions involving net equity			Profit (loss) of the period	
		Reserves	Dividends and other fund applications		New shares issued	Treasury shares derivatives	Stock options and others		
Share capital	**10.000.000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10.000.000**
a)ordinary shares	10.000.000	-	-	-	-	-	-	-	10.000.000
b)other shares	-	-	-	-	-	-	-	-	-
Profit brought forward	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserves	**91.989.750**	**29.236.828**	**-**	**-**	**-**	**-**	**-**	**-**	**121.226.578**
a) legal reserve	1.000.000	-	-	-	-	-	-	-	1.000.000
b) free reserve	84.411.000	26.636.828	-	-	-	-	-	-	111.047.828
c) special reserve[1]	6.361.750	2.600.000	-	-	-	-	-	-	8.961.750
d) FTA reserve	217.000	-	-	-	-	-	-	-	217.000
Valuation reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) AFS securities	-	-	-	-	-	-	-	-	-
b) cash flow hedges	-	-	-	-	-	-	-	-	-
c) special laws – others	-	-	-	-	-	-	-	-	-
Own shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit of the period	**29.236.828**	**-29.236.828**	**-**	**-**	**-**	**-**	**-**	**12.312.646**	**12.312.646**
Net equity	**131.226.578**	**-**	**-**	**-**	**-**	**-**	**-**	**12.312.646**	**143.539.224**

[1] As of 30 June 2009 the Bank has opted for the exoneration of the net wealth tax charge provided that the following conditions have been respected:
- A reserve equivalent to 5 times the net wealth tax liability is recorded following the decision of the Shareholders meeting;
- The reserve will be maintained for a period at least of five years.

CASH FLOW STATEMENT

		Amount (EUR/000)	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	**31 Dec 2009**	**31 Dec 2008**
1.	**Operating activities**	**563.675**	**75.209**
	– interest received	123.476	248.975
	– interest paid	-60.618	-179.031
	– net fee and commission received	6.804	4.807
	– cash payments to employees	-209	-171
	– premiums received	494.766	-
	– other expenses paid	-429	-1.144
	– other earnings received	144	3
	– Tax	-259	-210
2.	**Cash generated/(absorbed) by financial assets**	**2.949.042**	**-2.778.921**
	– financial assets held for trading	1.987	-312.177
	– amounts due from customers	1.539.908	-1.717.567
	– amounts due from banks: on demand	79.945	678
	– amounts due from banks: other	520.579	-792.364
	– other assets	806.623	42.509
3.	**Cash (generated)/absorbed by financial liabilities**	**-3.512.716**	**2.706.412**
	– amounts due to banks: on demand	-15.042	1.888.674
	– amounts due to banks: other	-	-
	– amounts due to clients	-3.072.817	8.924
	– debt securities in issue	-396.518	841.589
	– other liabilities	-28.339	-32.775
	Net cash flow (outflow) from operating activities	**1**	**-**
B.	**CASH FLOW FROM INVESTMENT ACTIVITIES**		
	Cash absorbed by	**-**	**-**
	– acquisitions of tangible assets	-	-
	– acquisitions of intangible assets	-	-
	Net cash flow (outflow) from investment activities	**-**	**-**
C.	**FUNDING ACTIVITIES**		
	– issues/purchases of subordinated debt	-	-
	Net cash flow (outflow) from funding activities	**-**	**-**
	Net cash flow (outflow) during year	**1**	**-**

RECONCILIATION	Amount (in EUR/000)	
	31 Dec 2009	**31 Dec 2008**
Cash and cash equivalents: balance at the begin of the period	-	-
Total cash flow (outflow) during year	1	-
Cash and cash equivalents: exchange rate effect	-	-
Cash and cash equivalents: balance at the end of the period	1	-

PART A – CORPORATE INFORMATION

Corporate matters

Mediobanca International (Luxembourg) S.A. (the "Bank") was incorporated under the name of "Mediobanca International Limited" on 13 September 1990 under the Companies Law of the Cayman Islands, with its registered office at Ugland House, South Church Street, P.O. Box 309 George Town, Grand Cayman, Cayman Islands, British West Indies.

On 21 December 2005, the shareholders of the Bank decided to transfer the registered office and the principal establishment of the Bank from the Cayman Islands to the Grand Duchy of Luxembourg and declared that the Bank had accordingly adopted the Luxembourg nationality.

In addition, the shareholders of the Bank decided to adopt the form of "Société Anonyme" and to change the name of the Bank into Mediobanca International (Luxembourg) S.A..

Nature of the Bank's business

The activities of the Bank are:

- Raising funds on international markets, via the issuance of bonds and other financial instruments.
- Corporate lending operations serving corporate clients, either directly or by participating in syndicated lending.

Outsourcing

Since inception, the Bank has outsourced a significant part of its activities to the Parent company under the terms of a servicing contract.

Annual accounts

The Bank's financial year runs from 1 July to 30 June.

Parent company

The Bank is a wholly-owned subsidiary of Mediobanca –Banca di Credito Finanziario S.p.A. (hereafter "Mediobanca S.p.A."), having its registered office in Piazzetta Enrico Cuccia n.1, Milan, Italy. The annual accounts of the Bank are included in the consolidated financial statements of Mediobanca S.p.A..

PART B – ACCOUNTING POLICIES

Section 1

Statement of conformity with IAS/IFRS

To the best of our knowledge, the annual accounts of MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A. (the “Bank”) give a true and fair view of the assets, liabilities, financial position and profit and loss of the Bank in accordance with applicable accounting standards. The Directors’ report includes a fair view of (I) the Bank’s development, (II) its position, and (III) a description of the opportunities and risks relevant to the Bank that arose during the period ended 31 December 2009.

The Board of Directors

Massimo Di Carlo	Luca Maccari	Peter W. Gerrard
Silvio Perazzini	Stefano Pellegrino	Federico Potsios
Daniel Cardon de Lichtbuer	Alex Schmitt	

Section 2

General principles

The financial statements comprise:

– balance sheet;
– profit and loss account;
– statement of changes in net equity;
– cash flow statement (direct method);
– notes to the accounts.

All the statements have been drawn up in conformity with the general principles provided for under IAS and the accounting policies illustrated in section 3, and show data for the period under review compared with that for the previous financial year in the case of balance-sheet figures or the corresponding period of the previous financial year in the case of profit-and-loss account data.

Section 3

Basis of preparation

The annual accounts are prepared on the historical cost basis except for financial instruments held for trading, for derivatives concluded for hedging purposes, which are measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

The balance sheet, income statement and the statement of changes in equity are presented in Euro (EUR). Cash flow statement and notes to the annual accounts are presented in EUR/K unless otherwise stated.

The preparation of annual accounts in accordance with IFRS as adopted by the European Union requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Section 4

Statement of compliance

The annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted for use in the European Union (EU).

Section 5

Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year except that the Bank has adopted the following standards, amendments and interpretations. With the exception of the amendments to IAS 39 and IFRS 7 – Reclassification of Financial Assets (see below), the adoption of these standards, amendments and interpretations did not have any effect on the financial performance or position of the Bank. They did, however, give rise to additional disclosures.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Reclassification of Financial Assets

- The amendments allow entities to reclassify certain financial assets out of held for trading if they are no longer held for the purpose of being sold or repurchased in the near term.
- Financial assets that would be eligible for classification as loans and advances (i.e. those assets which, apart from not being held with the intent of sale in the near term, have fixed or determinable payments, are not quoted in an active market and contain no features which could cause the holder

not to recover substantially all of its initial investment except through credit deterioration) may be transferred from Held for trading to Loans and advances, if the entity has the intention and the ability to hold them for the foreseeable future.

- Financial assets that are not eligible for classification as loans and advances may be transferred from held for trading to available-for-sale or to held-to-maturity, only in rare circumstances.
-
- The amendment requires detailed disclosures relating to such reclassifications. The effective date of the amendment is 1 July 2008 and reclassifications before that date are not permitted.
- The Bank has not reclassified any assets out of held for trading during the year ended 30 June 2009.
-
- Certain standards, amendments and interpretations have been issued but are not yet effective (only standards amendments and interpretations that may be applicable to the Bank are mentioned below):

IFRS 3 (Revised) Business Combinations and IAS 27 (Revised) Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. The standard is to be applied prospectively. IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, for future business combinations, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Application of the revised standards will become mandatory for the Bank's 2010 financial statements.

IAS 1 (Revised) Presentation of Financial Statements

The standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005. The revised IAS 1 was issued in September 2007 and is effective for accounting periods beginning on or after 1 January 2009 with early application permitted.

This standard requires all owner changes in equity to be presented in a statement of changes in equity, and all non-owner changes either in one statement of comprehensive income or in two separate statements which are an income statement and a statement of comprehensive income. The previous standard required components of comprehensive income to be presented in the statement of changes in equity. The revised standard also requires that the income tax effect of each component of comprehensive income be disclosed. In addition, it requires entities to present a comparative statement of financial position as at the beginning of the earliest comparative period when the entity has applied an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in the annual accounts.

The changes introduced by the revision are presentational in nature, and will not have an impact on the results of the Bank.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to IAS 32 and IAS 1 were issued by the IASB in February 2008 and become effective for annual periods beginning on or after 1 January 2009 with early application permitted. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendments to IAS 1 require disclosure of certain information relating to puttable instruments classified as equity.

The amendments to IAS 32 and IAS 1 are not expected to have any impact on the financial performance or position of the Bank as the Bank has not issued such instruments.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items

This amendment to IAS 39 was issued on 31 July 2008 and is applicable for annual periods beginning on or after 1 July 2009 with early application permitted. The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The Bank is still assessing the effect of the revised standards on its annual accounts.

Amendments to IFRS 7 Financial Instruments: Disclosures

The IASB published an amendment to IFRS 7 in March 2009. In particular, the amendment requires disclosure of the level of the fair value hierarchy into which fair value measurements are categorised based on a three level fair value hierarchy for financial instruments, a detailed reconciliation from beginning to ending balances for those instruments where significant unobservable inputs or valuation techniques have been used in their valuation, and a movement analysis between the different levels of the fair value hierarchy and the reasons for those movements. In addition, the amendment provides further clarification around liquidity risk disclosures and additional quantitative disclosures based on liquidity risk of financial liabilities.

The amendment applies for financial years beginning on or after 1 January 2009. Comparative disclosures are not required in the year of transition.

IFRS 8: Operating segments

IFRS 8 was issued in November 2006 and is effective for annual periods beginning on or after 1 January 2009.

Section 6

Accounting policies

Financial assets other than derivatives

<u>Held-to-maturity financial assets</u>

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank’s Management has the positive intention and ability to hold to maturity. Were the Bank to sell other than an insignificant amount of held-to-maturity financial assets, the entire category would be required to be reclassified as available-for-sale.

As of 31 December 2009, the Bank did not use this category of financial assets.

<u>Loans and advances</u>

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

As of 31 December 2009, the Bank did not use this category of financial assets.

(II) Initial recognition and subsequent measurement

Purchases of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on value date. Loans are recognised when cash is advanced to the borrowers.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and advances and held-to-maturity investments are carried at amortised cost using the effective interest method less impairment. The interest calculated using the effective interest method is recognised in the income statement.

Gains and losses arising from changes in the fair value of the financial assets measured at fair value through profit or loss are included in the income statement in the period in which they arise.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Changes in fair value of financial assets held for trading are included in the income

(III) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where:

– the rights to receive cash flows from the asset have expired; or
– the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
– the Bank has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

(IV) Reclassification of financial assets

Effective from 1 July 2008, the Bank may reclassify, in certain circumstances, non-derivative financial assets out of the held for trading category and into the available-for-sale, loans and advances, or held-to-maturity categories. From this date it may also reclassify, in certain circumstances, financial instruments out of the available-for-sale category and into the loans and advances category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

The Bank may reclassify a non-derivative trading asset out of the held for trading category and into the loans and advances category if it meets the definition of loans and advances and the Bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate from the date of the change in estimate.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

Reclassification is at the election of Management, and is determined on an instrument by instrument basis. The Bank did not reclassify any financial instrument as of 31 December 2009.

Financial liabilities other than derivatives

(I) Classification

The Bank classifies its financial liabilities other than derivatives in the following categories: Financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

As of 30 June 2009 and 2008, the amended fair value option was not used.

(II) Initial recognition and subsequent measurement

Interest-bearing liabilities - other than financial liabilities held for trading - are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Financial liabilities at fair value through profit or loss are measured at fair value through the income statement.

(III) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

"Day1" profit or loss

When the transaction price is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in Net gains and losses on financial assets and liabilities held for trading. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

Derivative financial instruments

(I) Classification

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains and losses on investments held for trading are recognised in the income statement. The Bank assesses whether embedded derivatives are required to be separated from the host contracts when the Bank becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(II) Initial recognition and subsequent measurement

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are restated at fair value. The method of recognising the resulting fair value gain or loss depends on whether the derivatives are designated as hedging instruments, and if so, the nature of the items being hedged.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

(III) Trading

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments. The gain or loss on remeasurement to fair value of trading derivatives is recognised immediately in the income statement.

(IV) Hedging

The Bank uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resulting gains and losses is set out below.

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

Fair value hedge

Where a derivative financial instrument hedges the exposure to changes in the fair value of a recognised asset or liability, the hedged item is stated at fair value in respect of the risk being hedged. Gains or losses on remeasurement of both the hedging instrument and the hedged item are recognised in the income statement. These amounts are included in the caption “Net gains and losses from hedge accounting”.

Cash flow hedge

Where a derivative financial instrument hedges the exposure to variability in the cash flows of recognised assets or liabilities (or homogeneous groups/portfolios thereof) or anticipated transactions or firm commitments, the effective part of any gain or loss on remeasurement of the hedging instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised in the income statement.

When a hedged anticipated transaction or firm commitment results in the recognition of an asset or liability, the cumulative gain or loss on the hedging instrument recognised in equity is removed from equity and included in the initial measurement of the asset or liability. Otherwise the cumulative gain or loss recognised in equity is transferred to the income statement at the same time that the hedged transaction affects net profit or loss and included in the same line item as the hedged transaction.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the income statement immediately.

As at 31 December 2009, the Bank has no cash flow hedged transactions.

Repurchase agreements and reverse repurchase agreements

The Bank enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or customers. The advances are shown as collateralized by the underlying security. Investments sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy of the category to which they relate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in the interest caption.

As at 31 December 2009, the Bank did not enter into repurchase agreements or reverse repurchase agreements.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Indicators of impairment include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Bank has granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties.

(I) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost (such as loans and advances as well as held-to-maturity investments), the Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of “Interest and similar income”. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new effective interest rate determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(II) *Available-for-sale financial investments*

For available-for-sale financial investments, the Bank assess at each balance sheet date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of “Interest and similar income”. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available-for-sale, objective evidence would also include a “significant” or “prolonged” decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised directly in equity.

Tangible assets

The Bank recognises the cost of replacing part of a property, plant and equipment item at incurrence in the carrying amount of this item if that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Bank and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Taken into consideration the nature of the Bank’s tangible assets, depreciation rate used is 20%.

The residual value, if not insignificant, and useful lives are reassessed annually and adjusted, if appropriate.

Intangible assets

Intangible assets, mainly composed of software acquired by the Bank, are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets comprise acquired software, including developments costs and are amortised from the date they are available for use over their estimated useful (5 years).

Other assets

Other assets are stated at cost less impairment.

Impairment of non financial assets

The carrying amounts of the Bank's assets, except deferred income tax assets and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. .

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and short-term highly liquid investments with maturities of three months or less when purchased.

Pension plans

The Bank operates a defined contribution pension plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under Administrative expenses. The Bank has no defined benefit obligation regarding post employee benefit to be recognised under IAS 19.

Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. Where the Bank expects part or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

Payables, debt securities in issue and subordinated liabilities

These include the items Due to banks, Due to customers and Debt securities in issue less any shares bought back. Amounts payable by the lessee under the terms of finance leasing transactions are also included.

Initial recognition takes place when funds raised are collected or debt securities are issued, and occurs at fair value, which is equal to the amount collected net of transaction costs incurred directly or indirectly in connection with the liability concerned. Thereafter liabilities are stated at amortized cost on the basis of the original effective interest rate, with the exception of short-term liabilities which continue to be stated at the original amount collected.

Derivatives embedded in structured bonds are stripped out from the underlying contract and recognized at fair value. Subsequent changes in fair value are recognized through the profit and loss account.

Financial liabilities are derecognized upon expiry or repayment, even if buybacks of previously issued bonds are involved. The difference between the liabilities' carrying value and the amount paid to repurchase them is recorded through the profit and loss account.

The sale of treasury shares over the market following a buyback is treated as a new issue. The new sale price is recorded as a liability without passing through the profit and loss account.

Trading liabilities

This item includes the negative value of trading derivatives and any derivatives embedded in complex instruments. Liabilities in respect of technical short falls deriving from securities trading activity are also included. All trading liabilities are recognized at fair value.

Other liabilities

Other liabilities are stated at cost.

Foreign currency transactions

Transactions in foreign currencies are recorded by applying the exchange rates as at the date of the transaction to the amount in the foreign currency concerned.

Assets and liabilities denominated in currencies other than the Euro are translated into Euros using exchange rates ruling at the dates of the transactions. Differences on cash items due to translation are recorded through the profit and loss account, whereas those on non-cash items are recorded according to the valuation criteria used in respect of the category they belong to (i.e. at cost, through the profit and loss account or on an equity basis).

Interest income and expenses

For all instruments measured at amortised cost, interest income and expenses are recognised in the income statement as they accrue, taking into account the effective yield of the asset and the liability or an applicable floating rate. Interest income and expenses include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fee and commission income and expenses

Fee and commission income arises on financial services provided by the Bank. Fee and commission income is recognised when the corresponding service is provided.

Fee and commission expenses arise on financial services received by the Bank in relation to its lending activity. They are recognized when the corresponding service is received or on an accrued basis for guarantees received on loans.

Net gains and losses on financial assets and liabilities held for trading

Gains and losses on financial instruments measured at fair value through profit or loss includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading or designated at fair value through profit or loss.

Taxes

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(I) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

(II) Deferred tax

Deferred income tax is provided using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Reclassification of prior year figures

Where necessary, certain prior year figures have been reclassified to conform with changes to the current year’s presentation for comparative purpose.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Section 7

Going concern

The Bank's Management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the annual accounts continue to be prepared on the going concern basis.

Section 8

Estimation of fair values of financial instruments

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

(I) Securities

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(II) Derivatives

The fair value of derivatives is calculated, for listed instruments, on the basis of market prices ruling at the reporting date. When market prices are not available and/or reliable, valuation methods and models are used based on market-derived data (e.g. valuation of listed instruments with similar characteristics, discounted cash flow analysis, option price calculation methods, or valuation used in comparable transactions). Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at cost.

When discounted cash flow techniques are used, estimated future cash flows are based on Management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

(III) Non listed interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

(IV) Other financial assets/liabilities

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

PART C – NOTES TO THE BALANCE SHEET

ASSETS

Section 1

Heading 10: Cash and cash equivalents

1.1 Cash and cash equivalents (in € k)

	31/12/2009	**30/06/2009**
a) Cash	1	-
b) Demand deposit held at Central Banks	4.997	35.019
Total	**4.998**	**35.019**

Section 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading: composition (in € k)

Item/Value	31/12/2009		30/06/2009	
	Listed	**Unlisted**	**Listed**	**Unlisted**
A. Cash assets				
1. Debt securities	283.245	-	265.409	-
1.1 Structured	-	-	-	-
1.2 Other debt securities	283.245	-	265.409	-
2. Equities	-	-	-	-
3. OICR units	-	-	-	-
4. Loans and advances	-	-	-	-
4.1 Repos	-	-	-	-
4.2 Others	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets sold but not derecognized	-	-	-	-
Total A	**283.245**	**-**	**265.409**	**-**
B. Derivative products				
1. Financial derivatives	-	487.979	-	211.769
1.1 Trading	-	294.896	-	17.661
1.2 Linked to FV options	-	-	-	-
1.3 Others	-	193.083	-	194.108
2. Credit derivatives	-	315.197	-	56.207
2.1 Trading	-	281.025	-	49.565
2.2 Linked to FV options	-	-	-	-
2.3 Others	-	34.172	-	6.642
Total B	**-**	**803.176**	**-**	**267.976**
Total (A+B)	**283.245**	**803.176**	**265.409**	**267.976**

The fair value of financial instruments is equal to their price as recorded on active markets, or is calculated using valuation techniques based on market-derived data.

2.2 Financial assets held for trading: by borrower/issuer (in € k)

Item/Value	**31/12/2009**	**30/06/2009**
A. CASH ASSETS		
1. Debt securities	283.245	265.409
a. Governments and central banks	-	-
b. Other public agencies	-	-
c. Banks	40.092	45.802
d. Other issuers	243.153	219.607
2. Equities	-	-
a. Banks	-	-
b. Other issuers	-	-
- insurances	-	-
- financial companies	-	-
- non-financial companies	-	-
- others	-	-
3. OICR units	-	-
4. Loans and advances	-	-
a. Governments and central banks	-	-
b. Other public agencies	-	-
c. Banks	-	-
d. Other entities	-	-
5. Impaired assets	-	-
a. Governments and central banks	-	-
b. Other public agencies	-	-
c. Banks	-	-
d. Other entities	-	-
6. Assets sold but not derecognized	-	-
a. Governments and central banks	-	-
b. Other public agencies	-	-
c. Banks	-	-
d. Other issuers	-	-
Total A	**283.245**	**265.409**
B. DERIVATIVE PRODUCTS		
a. Banks	574.764	70.669
b. Customers	228.412	197.307
Total B	**803.176**	**267.976**
Total A+B	**1.086.421**	**533.385**

2.3 Financial assets held for trading: derivative products

Type of derivatives/Underlying assets	Interest rates		Foreign currency/gold		Equities		Credit		31 December 2009		30 June 2009	
	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
A) Listed derivative products	---	---	---	---	---	---	---	---	---	---	---	---
Total A	---	---	---	---	---	---	---	---	---	---	---	---
B) Unlisted derivative products												
1) Financial derivatives:	865.539	350.124	55.532	4.033	334.947	133.822	---	---	1.256.018	487.979	677.068	212.909
– with exchange of principal	---	---	55.532	4.033	---	---	---	---	55.532	4.033	63.400	1.141
– options bought	---	---	---	---	---	---	---	---	---	---	---	---
– other derivatives	---	---	55.532	4.033	---	---	---	---	55.532	4.033	63.400	1.141
– without exchange of principal	865.539	350.124	---	---	334.947	133.822	---	---	1.200.486	483.946	613.668	211.768
– options bought	---	---	---	---	---	---	---	---	---	---	---	---
– other derivatives	865.539	350.124	---	---	334.947	133.822	---	---	1.200.486	483.946	613.668	211.768
2) Credit derivatives:	---	---	---	---	---	---	1.131.317	315.197	1.131.317	315.197	270.951	55.068
– with exchange of principal	---	---	---	---	---	---	---	---	---	---	---	---
– without exchange of principal	---	---	---	---	---	---	1.131.317	315.197	1.131.317	315.197	270.951	55.068
Total B	**865.539**	**350.124**	**55.532**	**4.033**	**334.947**	**133.822**	**1.131.317**	**315.197**	**2.387.335**	**803.176**	**948.019**	**267.977**
Total (A+B)	**865.539**	**350.124**	**55.532**	**4.033**	**334.947**	**133.822**	**1.131.317**	**315.197**	**2.387.335**	**803.176**	**948.019**	**267.977**

2.4 Cash assets held for trading (excluding assets sold but not derecognized/impaired assets): movements during the period

	Debt securities	Equities	OICR units	Loans and advances	Total
A. Balance at start of period	265.409	-	-	-	265.409
B. Additions	28.920	-	-	-	28.920
B.1 Acquisitions	10.780	-	-	-	10.780
B.2 Increases in fair value	15.174	-	-	-	15.174
B.3 Other increases	2.966	-	-	-	2.966
C. Reductions	11.084	-	-	-	11.084
C.1 Disposals	7.400	-	-	-	7.400
C.2 Redemptions	-	-	-	-	-
C.3 Reductions in fair value	-	-	-	-	-
C.5 Other reductions	3.684	-	-	-	3.684
D. Balance at end of period	283.245	-	-	-	283.245

Section 6

Heading 60 – Loans and advances to credit institutions

6.1 Loans and advances to credit institutions (in € k)

Type of transactions/Value	31 December 2009	30 June 2009
1. Current accounts and demand deposits	132.810	220
1.1 Current accounts	190	220
1.2 Stock lending deposits	132.620	—
1.3 Others deposits on demand	—	—
2. Term deposits	106.337	1.664.885
3. Other receivables:	375.060	311.095
3.1 amounts due under repo agreements	—	—
3.2 amounts due under finance leases	—	—
3.3 amounts due under stock lending transactions	122.040	—
3.4 other amounts due	253.020	311.095
4. Debt securities	—	—
4.1 structured	—	—
4.2 other debt securities	—	—
Total book value	**614.207**	**1.976.200**

6.2 Loans and advances to credit institutions: cash and off balance sheet exposure (in € k)

	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing	—	—	—	—
b) Country risk	—	—	—	—
c) Other assets	614.207	—	—	614.207
Total A	**614.207**	**—**	**—**	**614.207**
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	—	—	—	—
b) Other assets	—	—	—	—
Total B	**—**	**—**	**—**	**—**

Section 7

Heading 70: Loans and advances to customers

7.1 Loans and advances to customers: composition (in € k)

Type of transactions/amounts	**31/12/2009**		**30/06/2009**	
	Performing	**Non-performing**	**Performing**	**Non-performing**
1. Current accounts	—	—	—	—
2. Amounts due under repo agreements	—	—	—	—
3. Loans	3.257.396	136.168	3.408.719	152.671
4. Credit cards, personal loans and salary – guaranteed finance	—	—	—	—
5. Amounts due under finance leasing	—	—	—	—
6. Factoring	—	—	—	—
7. Other transactions	241	—	—	—
8. Debt securities	—	—	—	—
8.1 structured	—	—	—	—
8.2 other debt securities	—	—	—	—
9. Impaired assets	—	—	—	—
10. Assets sold but not derecognized	—	—	—	—
Total book value	**3.257.637**	**136.168**	**3.408.719**	**152.671**

Belong to the caption “non performing” two syndicated loans which have been restructured. No specific impairment has been booked being both the positions fully guaranteed (in terms of capital, interests, commitments and guarantees given) by the Parent Bank.

7.2 Loans and advances to customers: by borrower/issuer (in € k)

Type of transactions/Value	31/12/2009	30/06/2009
1. Debt securities:	—	—
a) Governments	—	—
b) Other public agencies	—	—
c) Other issuers	—	—
2. Loans and advances to:	3.393.805	3.561.390
a) Governments	—	—
b) Other public agencies	36.508	41.163
c) Other issuers	3.357.297	3.520.227
- non-financial undertakings	1.343.840	1.284.468
- financial companies	2.013.225	2.235.759
- insurances	—	—
- other entities	232	—
3. Impaired assets:	—	—
a) Governments	—	—
b) Other public agencies	—	—
c) Other issuers	—	—
4. Assets sold but not derecognized	—	—
a) Governments	—	—
b) Other public agencies	—	—
c) Other issuers	—	—
Total	**3.393.805**	**3.561.390**

7.3 Loans and advances to customers: cash and off balance sheet exposure (in € k)

Type of exposure/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. CASH EXPOSURES				
a) Non-performing	136.168	—	—	136.168
b) Overdue	—	—	—	—
c) Country risk	—	—	—	—
d) Other assets	3.257.971	—	(334)	3.257.637
Total A	**3.394.139**	**—**	**(334)**	**3.393.805**
B. OFF-BALANCE-SHEET EXPOSURES				
a) Non-performing	8.000	—	—	8.000
b) Other assets	587.516	—	(22)	587.494
Total B	**595.516**	**—**	**(22)**	**595.494**

The Bank has provisioned a collective impairment on the portion of the lending portfolio on which a direct exposure (in terms of cash, commitments and guarantees given) has been taken, without any additional guarantees given by the Parent Bank. As at December 31st, 2009 the Bank has a direct exposure of € 130 m in terms of nominal and € 6 m in terms of commitments.

Section 8

Heading 80: Hedging derivatives

8.1 Hedging derivatives: by type of contract and underlying asset (in € k)

	Interest rates		Foreign currency/gold		Equities		Credit		31 December 2009		30 June 2009	
Type of derivatives/Underlying assets	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
A) Listed derivative products	---	---	---	---	---	---	---	---	---	---	---	---
Total A	---	---	---	---	---	---	---	---	---	---	---	---
B) Unlisted derivative products												
1) Financial derivatives:	778.666	96.056	13.986	2	---	---	---	---	792.652	96.058	374.449	80.499
– with exchange of principal	---	---	13.986	2	---	---	---	---	13.986	2	---	---
– options bought	---	---	---	---	---	---	---	---	---	---	---	---
– other derivatives	---	---	13.986	2	---	---	---	---	13.986	2	---	---
– without exchange of principal	778.666	96.056	---	---	---	---	---	---	778.666	96.056	374.449	80.499
– options bought	---	---	---	---	---	---	---	---	---	---	---	---
– other derivatives	778.666	96.056	---	---	---	---	---	---	778.666	96.056	374.449	80.499
2) Credit derivatives:	---	---	---	---	---	---	---	---	---	---	---	---
– with exchange of principal	---	---	---	---	---	---	---	---	---	---	---	---
– without exchange of principal	---	---	---	---	---	---	---	---	---	---	---	---
Total B	**778.666**	**96.056**	**13.986**	**2**	---	---	---	---	**792.652**	**96.058**	**374.449**	**80.499**
Total (A+B)	**778.666**	**96.056**	**13.986**	**2**	---	---	---	---	**792.652**	**96.058**	**374.449**	**80.499**

8.2 Hedging derivatives: by portfolio hedged and hedge type (in € k)

Operations/Type of hedging	**Fair Value Hedge**					**Cash Flow Hedge**	
	Specific						
	Interest risk	**Currency risk**	**Credit risk**	**Other risks**	**Generic**	**Specific**	**Generic**
1. Financial assets available-for-sale	---	---	---	---	---	---	---
2. Lending portfolio	593	---	---	---	---	---	---
3. Financial assets held-to-maturity	---	---	---	---	---	---	---
4. Portfolio	---	---	---	---	---	---	---
TOTAL ASSETS	**593**	**---**	**---**	**---**	**---**	**---**	**---**
1. Amounts due to Banks/Customers	78.495	---	---	---	---	---	---
2. Financial liabilities	16.968	2	---	---	---	---	---
3. Portfolio	---	---	---	---	---	---	---
TOTAL LIABILITIES	**95.463**	**2**	**---**	**---**	**---**	**---**	**---**
TOTAL	**96.056**	**2**	**---**	**---**	**---**	**---**	**---**

Section 12

Heading 120: Property, plant and equipment

12.1 Movements in tangible assets (in € k)

Tangible assets	Gross value at the beginning of the financial year	Additions	Disposals	Gross value at the end of the financial year	Accumulated depreciation	Net carrying amount as at 31 Dec 2009	Net carrying amount as at 30 June 2009
Tangible assets							
of which:	**88**	**---**	**---**	**88**	**-76**	**12**	**21**
Other fixtures and fittings, tools and equipment	88	---	---	88	-76	12	21

12.2 Breakdown of tangible assets (in € k)

	31-Dec-09			30-Jun-09		
A. Core assets	**Gross**	**Amortisation**	**Net**	**Gross**	**Amortisation**	**Net**
1.1 owned	**88**	**-76**	**12**	**88**	**-67**	**21**
a) lands	---	---	---	---	---	---
b) buildings	---	---	---	---	---	---
c) furniture	38	-32	6	38	-28	10
d) electronic equipments	50	-44	6	50	-39	11
e) others	---	---	---	---	---	---
1.2 acquired under finance leases	---	---	---	---	---	---
a) lands	---	---	---	---	---	---
b) buildings	---	----	---	---	----	---
c) furniture	---	---	---	---	---	---
d) electronic equipments	---	---	---	---	---	---
e) others	---	---	---	---	---	---
TOTAL A	**88**	**-76**	**12**	**88**	**-67**	**21**
B. Assets held for investment purposes						
2.1 owned	**---**	---	---	**---**	---	---
a) lands	---	---	---	---	---	---
b) buildings	---	---	---	---	---	---
2.2 acquired under finance leases	---	---	---	---	---	---
a) lands	---	---	---	---	---	---
b) buildings	---	---	---	---	---	---
TOTAL B	---	---	---	---	---	---
TOTAL (A+B)	**88**	**-67**	**21**	**88**	**-67**	**21**

Section 16

Heading 160: Other assets

16.1 Other assets (in € k)

	31-Dec-09	**30-Jun-09**
- Withholding tax	60	24
- Value added tax	---	---
- Upfront premiums	11.466	17.260
- Commissions receivable	2.690	772
- Other	402	103
Total	**14.618**	**18.159**

Upfront premiums refer to payments made on derivatives negotiated on the trading portfolio of the Bank, which have been capitalized and will be reversed on a prorate basis to the income statement.

Commissions receivable mainly refer to amounts due from the Parent Company in connection with the regularization on guarantees on the lending portfolio (loans and advances to customers); these commissions are claimed on a quarterly basis.

Liabilities

Section 1

Heading 10: Amounts due to credit institutions

1.1 Amounts due to credit institutions: composition (in € k)

Type of transaction/amounts	31-Dec-09	30-Jun-09
1. Due to central banks	—	—
2. Due to banks	2.597.387	3.278.769
2.1 Current accounts and demand deposits	2.136.211	3.074.474
2.2 Term deposits	—	—
2.3 Borrowings	461.176	204.295
2.3.1 Leasing & stock lending	122.077	—
2.3.2 Others	339.099	204.295
2.4 Amounts due under commitments to buy back own shares	—	—
2.5 Liabilities in respect of assets sold but not derecognized	—	—
2.5.1 Amounts due under reverse repo agreements	—	—
2.5.2 Others	—	—
2.6 Other amounts due	—	—
Total	**2.597.387**	**3.278.769**

1.2 Breakdown of Heading 10: "Amounts due to credit institutions" - subordinated debt

Subordinated liabilities included - under the heading *Due to banks* - amount to € 39.250.000 in term of nominal, and refer to subordinated debt assimilated to Tier2 capital.

1.3 Amounts due to credit institutions: items subject to specific hedges (in € k)

	31-Dec-09	30-Jun-09
1. Items subject to specific fair value hedges for:	166.920	165.038
a) interest rate risk	166.920	165.038
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	**166.920**	**165.038**

Section 2

Heading 20: Amounts due to customers

2.1 Amounts due to customers: composition (in € k)

Type of transaction/amounts	31-Dec-09	30-Jun-09
1. Current accounts and demand deposits	—	—
2. Term deposits	234.126	1.502
3. Customers' funds managed on a non-discretionary basis	—	—
4. Borrowings	41.133	24.340
4.1 leasing	—	—
4.2 others	41.133	24.340
5. Amounts due under commitments to buyback own shares	—	—
6. Liabilities in respect of assets sold but not derecognized	—	—
6.1 Amounts due under reverse repo agreements	—	—
6.2 Others	—	—
7. Other amounts due	—	—
Total	**275.259**	**25.842**

2.2 Amounts due to customers: items subject to specific hedges (in € k)

	31-Dec-09	30-Jun-09
1. Items subject to specific fair value hedges for:	41.133	24.340
a) interest rate risk	41.133	24.340
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	**41.133**	**24.340**

Section 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue: composition (in € k)

Type of transaction/amounts	31-Dec-09		30-Jun-09	
	Book value	FairValue[1]	Book value	Fair Value[1]
A. Listed securities	1.439.246	1.463.171	2.060.872	2.077.526
1. bonds	1.332.910	1.356.835	786.229	802.883
1.1 structured	850.145	865.253	311.068	316.336
1.2 others	482.765	491.582	475.161	486.547
2. other securities	106.336	106.336	1.274.643	1.274.643
2.1 structured	—	—	—	—
2.2 others	106.336	106.336	1.274.643	1.274.643
B. Unlisted securities	427.951	436.448	408.342	432.076
1. bonds	427.951	436.448	408.342	432.076
1.1 structured	292.968	299.747	264.447	274.069
1.2 others	134.983	136.701	143.895	158.007
2. other securities	—	—	—	—
2.1structured	—	—	—	—
2.2others	—	—	—	—
Total	**1.867.197**	**1.899.619**	**2.469.214**	**2.509.602**

[1] Fair value doesn't include issuer risk; if issuer risk is considered, the fair value of debt securities issued would reduce by EUR 23 m approximately.

3.2 Debt securities: items subject to specific hedging (in € k)

Type of transaction/amounts	31-Dec-09	30-Jun-09
A. Securities subject to specific fair value hedges	385.941	437.992
1. Interest rate risk	366.316	437.992
2. Currency risk	19.625	–
3. Other risks	–	–
B. Securities subject to specific cash flow hedges	–	–
1. Interest rate risk	–	–
2. Currency risk	–	–
3. Other risks	–	–
Total	**385.941**	**437.992**

3.3 Debt securities: items measured at amortised cost (in € k)

Type of transaction/amounts	31-Dec-09	30-Jun-09
A. Debt securities	1.374.920	756.579
1. Structured	467.759	296.758
2. Other	907.161	459.821
B. Other financial instruments	106.336	1.274.643
1. Structured	—	—
2. Other	106.336	1.274.643
Total	**1.481.256**	**2.031.222**

Section 4

Heading 40: Financial liabilities held for trading

4.1 Financial liabilities held for trading: composition (in € k)

	31-Dec-09		30-Jun-09	
Type of transaction/amounts	**Listed**	**Unlisted**	**Listed**	**Unlisted**
A. Cash liabilities	—	—	—	—
1. Amount due to banks	—	—	—	—
2. Amount due to customers	—	—	—	—
3. Debt securities	—	—	—	—
A. Derivatives instruments	—	280.637	—	257.360
1. Financial derivatives	—	239.029	—	227.529
1.1 Trading derivatives	—	46.603	—	—
1.2 Linked to FV option	—	—	—	—
1.3 Other	—	192.426	—	227.529
2. Credit derivatives	—	41.608	—	29.831
2.1 Trading derivatives	—	20.450	—	—
2.2 Linked to FV option	—	—	—	—
2.3 Other	—	21.158	—	29.831
Total	**—**	**280.637**	**—**	**257.360**

4.2 Financial liabilities held for trading: derivative products (in € k)

	Interest rate		Foreign currency/gold		Equity		Credit		31-Dec-09		30-Jun-09	
Type of transaction/amounts	**Notional**	**FV**	**Notional**	**FV**	**Notional**	**FV**	**Notional**	**FV**	**Notional**	**FV**	**Notional**	**FV**
A. Listed derivative products	—	—	—	—	—	—	—	—	—	—	—	—
B. Unlisted derivative products	477.966	75.036	308.899	30.828	328.907	133.165	603.103	41.608	1.718.875	280.637	1.392.831	257.360
1. Financial derivatives	477.966	75.036	308.899	30.828	328.907	133.165	—	—	1.115.772	239.029	1.082.707	227.529
1.1 With exchange of principal	—	—	308.899	30.828	—	—	—	—	308.899	30.828	339.711	27.005
- options issued	—	—	—	—	—	—	—	—	—	—	—	—
- other derivatives	—	—	308.899	30.828	—	—	—	—	308.899	30.828	339.711	27.005
1.2 Without exchange of principal	477.966	75.036	—	—	328.907	133.165	—	—	806.873	208.201	742.996	200.524
- options issued	—	—	—	—	—	—	—	—	—	—	—	—
- other derivatives	477.966	75.036	—	—	328.907	133.165	—	—	806.873	208.201	742.996	200.524
2. Credit derivatives	—	—	—	—	—	—	603.103	41.608	603.103	41.608	310.124	29.831
2.1 With exchange of principal	—	—	—	—	—	—	—	—	—	—	—	—
2.2 Without exchange of principal	—	—	—	—	—	—	603.103	41.608	603.103	41.608	310.124	29.831
Total	**477.966**	**75.036**	**308.899**	**30.828**	**328.907**	**133.165**	**603.103**	**41.608**	**1.718.875**	**280.637**	**1.392.831**	**257.360**

Section 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives: by type of product/underlying asset (in € k)

	Interest rate		Foreign currency/gold		Equity		Credit		31-Dec-09		30-Jun-09	
Type of transaction/amounts	**Notional**	**FV**	**Notional**	**FV**	**Notional**	**FV**	**Notional**	**FV**	**Notional**	**FV**	**Notional**	**FV**
A. Listed derivative products	—	—	—	—	—	—	—	—	—	—	—	—
B. Unlisted derivative products	225.095	14.149	8.445	1.975	—	—	—	—	233.540	16.124	185.696	13.189
1. Financial derivatives	225.095	14.149	8.445	1.975	—	—	—	—	233.540	16.124	185.696	13.189
1.1 With exchange of principal	—	—	8.445	1.975	—	—	—	—	8.445	1.975	9.536	1.915
- options issued	—	—	—	—	—	—	—	—	—	—	—	—
- other derivatives	—	—	8.445	1.975	—	—	—	—	8.445	1.975	9.536	1.915
1.2 Without exchange of principal	225.095	14.149	—	—	—	—	—	—	225.095	14.149	176.160	11.274
- options issued	—	—	—	—	—	—	—	—	—	—	—	—
- other derivatives	225.095	14.149	—	—	—	—	—	—	225.095	14.149	176.160	11.274
2. Credit derivatives	—	—	—	—	—	—	—	—	—	—	—	—
2.1 With exchange of principal	—	—	—	—	—	—	—	—	—	—	—	—
2.2 Without exchange of principal	—	—	—	—	—	—	—	—	—	—	—	—
Total	**225.095**	**14.149**	**8.445**	**1.975**	**—**	**—**	**—**	**—**	**233.540**	**16.124**	**185.696**	**13.189**

6.2 Hedging derivatives: by portfolio hedged/hedge type (in € k)

Hedged items Dec-09	Fair value hedges					Cash flow hedge	
	Specific				Generic	Specific	General
	Interest Risk	Exchange rate	Credit risk	Other			
1. AFS Securities	—	—	—	—	—	—	—
2. Loans and advances	—	—	—	—	—	—	—
3. Financial assets HTM	—	—	—	—	—	—	—
4. Portfolio	—	—	—	—	—	—	—
TOTAL ASSETS	**—**	**—**	**—**	**—**	**—**	**—**	**—**
1. Amounts due	—	—	—	—	—	—	—
2. Financial liabilities	14.149	1.975	—	—	—	—	—
3. Portfolio	—	—	—	—	—	—	—
TOTAL LIABILITIES	**14.149**	**1.975**	**—**	**—**	**—**	**—**	**—**
TOTAL	**14.149**	**1.975**	**—**	**—**	**—**	**—**	**—**

Section 8

Heading 80: Tax liabilities

8.1 Tax liabilities: current tax liabilities (in € k)

	31-Dec-09	30-Jun-09
IRC – Impôt sur le revenu des collectivités	11.146	8.873
ICC – Impôt commerciale sur bénéfice	3.690	2.703
Other	-	-
Total	**14.836**	**11.576**

8.2 Current tax liabilities: composition (in € k)

	IRC	ICC
Balance at the beginning of the year		
A. Current fiscal liabilities (+)	9.973	2.953
B. Advances paid (-)	1.100	250
A.1 Increase (+)	2.433	1.037
- provision of the year	2.433	1.037
- transfers	-	-
- others	-	-
B.1 Decrease (-)	160	50
- payments/advances	160	50
- transfers	-	-
- others	-	-
Total A. Fiscal liabilities (+)	12.406	3.990
Total B. Advances paid (-)	1.260	300
Current fiscal liabilities (A-B)	11.146	3.690

Section 10

Heading 100: Other liabilities

10.1 Other liabilities (in € k)

	31-Dec-09	30-Jun-09
1. Pending invoices	366	133
2. Wages accrued, contributions and amounts withheld from staff for payment	19	7
3. Impairment guarantees and commitments	22	-
4. Financial guarantees on CDS products (as required under IAS 37)	-	-
5. Deferred income	870	7.001
6. Upfront premiums	5.308	996
7. Commissions payable	8.557	9.315
8. Other items	-	-
Total	**15.142**	**17.452**

Upfront premiums refer to payments received on derivatives negotiated among the trading portfolio of the Bank, which have been capitalized and will be reversed on a prorate basis to the income statement.

Commissions payable mainly refer to amounts due to the Parent company for guarantees received on the customers' lending portfolio.

Section 17

Heading 170: Reserves

17.1 Reserves (in € k)

As of June 30, 2009 the Bank has taken up the option to credit net wealth tax against the tax itself, provided that the following conditions have been respected:

- The IRC (corporate income tax) charge must be at least equal to the IF (net wealth tax) charge in order to credit the entire amount of the IF, if not only the amount of IF equivalent to the IRC charge can be credited;
- By June 2010 the company has to book a reserve for an amount at least 5 times the IF tax charge due for the financial year 2009;
- This reserve will be maintained for a minimum period of 5 years.

	31-Dec-09	30-Jun-09
A. Reserves	121.227	91.990
A.1 legal reserve	1.000	1.000
A.2 free reserve	111.048	84.411
A.3 special reserve(1)	8.962	6.362
A.4 FTA reserve	217	217

(1) Reserve linked to the exoneration of net wealth tax charge.

Section 19

Heading 190: Share capital

19.1 Share capital

As of 30 June 2009 and 31 December 2010, the issued capital of the Bank amounts to EUR 10.000.000 and is divided into 1 million shares with a par value of EUR 10 each.

Other information

1. Guarantees and commitments

	31-Dec-09	**30-Jun-09**
1. Financial guarantees given to:	28.238	23.832
a) Banks	-	-
b) Customers	28.238	23.832
2. Commercial guarantees given to:	171	1.863
a) Banks	-	-
b) Customers	171	1.863
3. Irrevocable commitments to lend funds:	567.107	502.954
a) Banks	-	-
b) Customers	567.107	502.954
Total	**595.516**	**528.649**

PART D – NOTES TO PROFIT AND LOSS ACCOUNT

Section 1

Headings 10 and 20: Net interest income

1.1 Interest and similar income: composition (in € k)

	Performing assets		Nonperforming assets	Other assets	6 mths to 31/12/09	6 mths to 31/12/08
	Debt securities	Loans and advances				
1. Financial assets held for trading	12.338	-	-	-	12.338	1.263
2. Financial assets at fair value	-	-	-	-	-	-
3. AFS securities	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
5. Loans and advances to credit institutions	-	6.774	-	6	6.780	27.267
6. Loans and advances to customers	-	49.200	409	-	49.609	128.642
7. Hedging derivatives	-	-	-	17.581	17.581	15.806
8. Financial assets sold but not derecognized	-	-	-	-	-	-
9. Other assets	-	-	-	-	-	-
Total	**12.338**	**55.974**	**409**	**17.587**	**86.308**	**172.978**

1.2 Interest and similar income: differences arising on hedging transactions (in € k)

	31-Dec-09	31-Dec-08
A. Positive differences on transactions involving:	17.581	15.806
A.1 Specific fair value hedge of assets	-	-
A.2 Specific fair value hedge of liabilities	17.581	15.806
A.3 General interest rate risk hedges	-	-
A.4 Specific cash flow hedge of assets	-	-
A.5 Specific cash flow hedge of liabilities	-	-
A.6 General cash flow hedge	-	-

1.3 Interest expense and similar charges: composition (in € k)

	Payables	Securities	Other liabilities	6 mths to 31/12/09	6 mths to 31/12/08
1. Amount due to Banks	-18.334	-	-	-18.334	-78.286
2. Amount due to customers	-1.072	-	-	-1.072	-3.693
3. Debt securities	-	-29.043	-	-29.043	-54.727
4. Trading liabilities	-	-	-	-	-
5. Liabilities at fair value	-	-	-	-	-
6. Liabilities in respect of assets sold but not yet derecognized	-	-	-	-	-
7. Other liabilities	-	-	-	-	-
8. Hedging derivatives	-	-	-3.912	-3.912	-12.446
Total	**-19.406**	**-29.043**	**-3.912**	**-52.361**	**-149.152**

1.4 Interest and similar charges: differences arising on hedging transactions (in € k)

	31-Dec-09	31-Dec-08
A. Negative differences on transactions involving:	-3.912	-12.446
A.1 Specific fair value hedge of assets	-19	-
A.2 Specific fair value hedge of liabilities	-3.893	-12.446
A.3 General interest rate risk hedges	-	-
A.4 Specific cash flow hedge of assets	-	-
A.5 Specific cash flow hedge of liabilities	-	-
A.6 General cash flow hedge	-	-

Section 2

Headings 40 and 50: Net fee and commission income

2.1 Fee and commission income: composition (in € k)

	6 mths to 31/12/09	**6 mths to 31/12/2008**
a) guarantees given	184	145
b) credit derivates	-	-
c) management, trading and advisory services:	-	-
1. securities dealing	-	-
2. currency dealing	-	-
3. asset management	-	-
3.1 private individuals	-	-
3.2 groups	-	-
4. securities under custody and non-discretionary	-	-
5. depositary services	200	-
6. securities placing	-	-
7. procurement of orders	-	-
8. advisory services	-	-
9. agency fees	-	-
9.1 asset management	-	-
9.1.1 private individuals	-	-
9.1.2 groups	-	-
9.2 insurance products	-	-
9.3 other products	-	-
d) collection and payment services	-	-
e) securitization servicing	-	-
f) factoring servicing	-	-
g) tax collection and receipt services	-	-
h) lending services	15.200	21.061
Total	**15.584**	**21.206**

2.3 Fee and commission expense (in € k)

	6 mths to 31/12/09	**6 mths to 31/12/08**
a) guarantees received	-19.838	-123
b) credit derivatives	-	-
c) management and services:	-	-
1. securities dealing	-	-
2. currency dealing	-	-
3. asset management:	-	-
3.1 own portfolio	-	-
3.2 clients' portfolios	-	-
4. securities custody and non-discretionary management	-	-
5. securities placing	-	-
6. door-to-door sales of securities, products and services	-	-
d) collection and payment services	-	-
e) lending services	-8.488	-10.821
Total	**-28.326**	**-10.944**

Section 3

Heading 80: Net trading income (expense)

3.1 Net trading income (expense): composition (in € k)

	Value increases	Dealing profits	Value reductions	Dealing losses	6 mths to 31/12/09	6 mths to 31/12/08
1. Trading assets	9.086	1.443	-	-	**10.529**	**-2.643**
1.1 Debt securities	9.086	1.443	-	-	**10.529**	**-2.643**
1.2 Equities	-	-	-	-	-	-
1.3 OICR units	-	-	-	-	-	-
1.4 Loans and receivables	-	-	-	-	-	-
1.5 Others	-	-	-	-	-	-
2. Trading liabilities	-	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-	**5.106**
2.2 Payables	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
3. Other financial assets and liabilities: difference arising on exchange rates	138.357	-	-134.071	-	**4.286**	**-8.087**
4. Derivative products	609.179	1.993	-627.922	-1.705	**-18.455**	**5.359**
4.1 Financial derivatives:	351.451	1.236	-347.687	-1.630	**3.370**	**-2.174**
– on debt securities/interest rates	326.703	1	-321.794	-280	**4.630**	**3.096**
– on equities/share indexes	-	1.235	-289	-1.350	**-404**	-
– on foreign currency/gold	24.748	-	-25.604	-	**-856**	**141**
– others	-	-	-	-	-	**-5.411**
4.2 Credit derivatives	257.728	757	-280.235	-75	**-21.825**	**7.533**
Total	**756.622**	**3.436**	**-761.993**	**-1.705**	**-3.640**	**-265**

Section 4

Heading 90: Net hedging income (expense)

4.1 Net trading income (expense): composition (in € k)

	6 mths to 31/12/2009	**6 mths to 31/12/2008**
A. Income from:		
A.1 Fair value hedge derivatives	16.343	23.293
A.2 Financial assets hedged (fair value)	-	-
A.3 Financial liabilities hedged (fair value)	6.849	6.472
A.4 Cash flow hedge financial derivatives	-	-
A.5 Assets and liabilities in foreign currency	-	-
Total hedging income (A)	**23.192**	**29.765**
B. Expenses relating to:		
B.1 Fair value hedge derivatives	-4.061	-48
B.2 Financial assets hedged (fair value)	-611	-
B.3 Financial liabilities hedged (fair value)	-18.813	-30.509
B.4 Cash flow hedge financial liabilities	-	-
B.5 Assets and liabilities in foreign currency	-	-
Total hedging expenses (B)	**-23.485**	**-30.557**
C. Net hedging income (A-B)	**-293**	**-792**

Section 5

Heading 130: Adjustments for impairment

5.1 Adjustments for impairment: lending portfolio (in € k)

Transactions/Income elements	Value adjustments			Amounts recovered				6 mths to 31/12/09	6 mths to 31/12/08
	Specific		Portfolio	Specific		Portfolio			
	Write offs	Others		A	B	A	B		
A. Due from banks	—	—	—	—	—	—	—	—	—
B. Due from customers	—	—	-334	—	—	—	—	-334	—
C. Total	—	—	-334	—	—	—	—	-334	—

Legend

A = interests

B = other amounts recovered

5.1 Adjustments for impairment of other financial transactions: composition (in € k)

Transactions/Income-linked components	Value adjustments			Amounts recovered				6 mths to 31/12/09	6 mths to 31/12/08
	Specific		Portfolio	Specific		Portfolio			
	Write offs	Others		A	B	A	B		
A. Guarantees given	—	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—	—
C. Commitments	—	—	-22	—	—	—	—	-22	—
D. Other transactions	—	—	—	—	—	—	—	—	—
E. Total	—	—	-22	—	—	—	—	—	—

Legend

A = interest

B = other amounts recovered

Section 6

Heading 180: Administrative expenses

6.1 Personnel cost: composition (in € k)

	6 mths to 31/12/09	6 mths to 31/12/08
1.Employees		
a) wages and salaries	-221	-134
b) social security charges	-10	-16
c) severance indemnities	-	-
d) pension contributions	-12	-
e) transfers to severance indemnity provision	-	-
f) transfers to post-employment and similar benefits:	-	-
– defined contribution	-	-
– defined benefit	-	-
g) payments to outside complementary pension schemes:	-	-
– defined contribution	-4	-14
– defined benefit	-	-
h) expenses incurred in connection with share payment schemes	-	-
i) other staff benefits	-	-
2. Other staff	-124	-123
3. Board members	-80	-53
Total	**-451**	**-340**

6.2 Other administrative expenses: composition (in € k)

	6 mths to 31/12/09	6 mths to 31/12/08
– outside consultants' fees	-98	-111
– legal fees due in respect of credit recovery	-	-
– share and bond administration	-27	-12
– advertising	-	-
– insurance	-6	-
– research and publications	-	-
– software	-91	-
– charitable donations	-	-
– rent	-77	-72
– maintenance, repairs and refurbishment	-1	-3
– service lease installments	-	-
– financial information subscriptions	-	-
– stationery and printing	-3	-2
– membership subscriptions	-4	-
– postal, telephone, fax and telex charges	-16	-5
– newspapers, magazines and library acquisitions	-1	-
– legal fees	14	-
– other staff expenses	-32	-28
– utilities	-	-
– EDP costs	-205	-196
– bank charges	-9	-10
– transport	-1	-
– outsourced activities	-130	-130
– expensed assets	-	-
– other expenses	-13	-61
Total other expenses	**-700**	**-630**
– indirect and other taxes	-	-
– asset tax	-	-
– substitutive and registration taxes, franking of reserves	-	-
– substitutive tax and sundry other taxes	-124	-122
Total indirect tax	**-124**	**-122**
Total other administrative expenses	**-824**	**-752**

Section 7

Heading 200: Net adjustments to tangible assets

7.1 Net adjustments to tangible assets: composition (in € k)

	Depreciation	Adjustments for impairment	Amounts recoveries	Net amount
A. Tangible assets				
A.1 Owned:	-8	-	-	-8
– Core	-8	-	-	-8
– Investment	-	-	-	-
A.2 Acquired under finance leases:	-	-	-	-
– Core	-	-	-	-
– Investment	-	-	-	-
Total	**-8**	**-**	**-**	**-8**

Section 8

Heading 220: Other operating income (expenses)

8.1 Other operating income (expenses): composition (in € k)

	6 mths to 31/12/09	6 mths to 31/12/08
A. OTHER INCOME (EXPENSES) – OTHER	40	3
– Reminder expense reimbursements	-	-
– Sundry other expense reimbursements	-	-
– Communications expense reimbursements	-	-
– Direct debit expense reimbursements	-	-
– Sundry operating expenses debited	-	-
– Other income	40	3
– Extraordinary income	-	-
– Extraordinary charges	-	-
B. OTHER INCOME (EXPENSES) – AMOUNTS RECOVERED	-	-
– Stamp duty substitutive tax	-	-
– Amounts recovered from staff	-	-
– Amounts recovered from clients	-	-
–Other amounts recovered	-	-
Total	**40**	**3**

Section9

Heading 290: Income tax on the ordinary activity

9.1 Income tax on the ordinary activity: composition (in € k)

	6 mths to 31/12/09	6 mths to 31/12/08
1. Current taxes	-3.469	-5.864
2. Changes in current tax for previous financial years	-	-
3. Decrease in current tax for period	-	-
4. Changes in advance tax	-	-
5. Changes in deferred tax	44	-468
Total	**-3.425**	**-6.152**