2013 Reports and Financial Statements

2013 Reports and Consolidated Financial Statements

GROUP STRUCTURE

At 31 December 2013 the structure of the Group was as follows:

- Istituto Centrale delle Banche Popolari Italiane S.p.A., the Parent Company, recorded in the National Register of Banks.
- CartaSi S.p.A., a financial company recorded in the Register of Payment Institutions pursuant to Art. 114-septies of the Consolidated Banking Act, in which the Parent Company has a 94.88% stake.
- Help Line S.p.A., a service company in which the Parent Company has a 70% stake.
- Oasi Diagram – Outsourcing Applicativo e Servizi Innovativi S.p.A., a service company, 100% owned by the Parent Company.

SCOPE OF CONSOLIDATION

The scope of consolidation of the ICBPI Group as at 31 December 2013 includes, besides the Group companies, the following:

- Equens SE, in which the Parent Company has a 20% stake.
- Hi-Mtf S.I.M. S.p.A., in which the Parent Company has a 25% stake.
- Unione Fiduciaria S.p.A., in which the Parent Company has a 24% stake.

Board of Directors' Report on Group Operations

Dear Shareholders,

ICBPI GROUP BUSINESS PLAN FOR THE 2012-2015 PERIOD

The spin-off, in favour of ICBPI, of the Oasi portfolio for activities performed on behalf of pension funds became effective on 1 January 2013. The transfer of the activities was accomplished by using the simplified procedure provided for in Art. 2505 of the Italian Civil Code, since ICBPI is the sole shareholder of Oasi; said spin-off has not involved any changes in the size and composition of the ICBPI share capital.

The transaction concludes the Group Restructuring Plan, i.e. the overall system of extraordinary transactions aimed at achieving the new corporate and business structure of the Group, started in 2012 in the implementation of the Business Plan.

In April, the stake held in Unione Fiduciaria S.p.A. was increased through the acquisition by three partner banks of No. 228,316 shares which, together with the No. 30,884 shares already held, have allowed for the stake in the company's share capital to rise from 2.9% to the current 24% (maximum threshold fixed by the company's Articles of Association) and to include such company in the scope of consolidation.

This transaction is a part of the initiatives identified in the Business Plan for the possible development/diversification of the Group's business, since it is especially aimed at increasing direct supervision over the value chain of Securities Services through agreements/extraordinary transactions with Unione Fiduciaria, which is ICBPI's key outsourcer for fund services activities (Depositary bank, Portfolio management and accounting, including calculation of the NAV, Subscriber management, Matching and Settlement).

In the first part of the year, other initiatives were completed to develop external lines of the Fund Services sector, belonging to the ICBPI Securities Services Department, and namely:

- Acquisition, effective as of 1 March 2013, of the remaining Depositary bank contracts held by Banca Popolare di Vicenza with reference to Captive Funds (No. 3 funds attributable to Nem SGR, a BPVI Group company) and Non-Captive Funds (No. 5 funds attributable to 21 Investimenti SGR, Cattolica and Cariprato Pension Funds and Eurovita Assicurazioni);
- Acquisition, starting from 2 April 2013, of the corporate branch of Symphonia Sgr, a Veneto Banca Group company, regarding the fund accounting and transfer agent activities, while at the same time signing the contract for the depositary bank service, calculation of managed NAV and transfer agent for the 30 mutual funds managed by such asset management company (SGR);
- Acquisition, effective as of 1 June 2013, of the Back Office Collective Clients Corporate Branch (Transfer Agency service) of Anima SGR, while at the same time assigning the service to ICBPI for all the funds managed by such asset management company (SGR).

Again with regard to the development activities of the Securities Services Department, in December the ICBPI Board of Directors approved the making of a non-binding offer for the acquisition of the corporate branch of ICCREA Banca regarding the activities of depositary bank - checking and calculation of the managed NAV for open-end equity funds - and the activities of depositary bank alone - checking for pension funds, Private Equity funds and real estate funds. Said offer was accepted on 27 January 2014.

With regard to the activities for the possible diversification of the Group business identified in the Business Plan, initiatives are under way for the assessment of possible developments in the sectors of ICT and BPO services for the banking and financial market.

In the e-money sector, an agreement was reached and signed in December 2013 with Cedacri for the full acquisition and integration of C-Card S.p.A (a specialist company for the management of the Group Cedacri payment cards) into CartaSi.

After the acquisition of the control of C-Card, the merger by incorporation of the company into CartaSi and the integration of the C-Card structures will take place according to the organizational model of the ICBPI Group.

The transaction, subject to Bank of Italy authorization, should be completed by the month of April 2014.

GOVERNANCE AND CONTROL STRUCTURES

During the year, measures were completed for revising the ICBPI governance, approved in November 2012, aimed in particular at ensuring compliance with the provisions of Art.36 of the Italian Law Decree 201/2011 and the related interpretative circulars issued by the Supervisory Authorities. In this respect, on 10 May 2013, the Shareholders' Extraordinary General Meeting approved some amendments to the Articles of Association in order to adopt a governance structure suited to ensure, for the areas with operational overlapping with the partner banks, the independence of the ICPBI management department from the activities of direction, supervision or control by representatives of the partner bank. Therefore a new role has been specified in the Articles of Association, i.e. the managing director, endowed with full management independence in the areas of operational overlapping with the partner banks.

In order to immediately implement the new provision of the Articles of Association, on 10 May 2013 Mr Giuseppe Capponcelli was appointed managing director of the Parent Company, while also maintaining the office of general manager of ICBPI.

Within the Group, we would like to point out important changes in CartaSi and Help Line top management.

The Board of Directors of CartaSi, in the session of 17 July 2013, after the resignation of the managing director Mr Natale Capone, effective as of 27 September 2013, ratified the co-opting and appointment of the new managing director Mrs Laura Cioli, effective from 27 September 2013. Being in line with the previous policies and strategies of the company, this appointment guarantees the continuation of the successful path leading the subsidiary to consolidate its leadership on the reference market.

In March, Mr Andrea Stedile was appointed as new chairman of Help Line, following the renewal of the Board, and the new general manager Mr Ivan Dalto was appointed in July. These changes were also made in order to guarantee continuity with the previous management.

TRANSACTIONS WITH RELATED PARTIES

In order to limit the risk that the proximity of certain entities (so-called "related parties") to the company's decision-making centres might undermine objective and impartial corporate decisions, resulting in potential distortions in the allocation of resources, exposing the company to risks that are not duly measured or supervised and potential damage to the company itself and its stakeholders, in September 2011 the ICBPI Group adopted the Regulations on Transactions with Related Parties (also approved by the Group Companies).

After the updating undertaken in June 2012 to implement the final version of the Bank of Italy's regulations on "Risk activities and conflicts of interest regarding Related Parties" (Title V, Chapter 5 of Bank of Italy Circular No. 263), the Regulations were again revised in October 2013 to implement the new governance structure of the Parent Company (characterized by the introduction of the role of the managing director) and to regulate and define the tasks, the monitoring activities, the roles and the information flow between the control functions and to the corporate bodies, in order to guarantee the correct measurement and management of the risks undertaken with related parties.

During 2013 the ICBPI Group also fully implemented the computer instruments which it had already acquired since the second half of 2012 for the activities of: survey and monitoring of the scope of consolidation of the related parties; management of the approvals procedure and reporting regarding transactions with related parties; constant verification of the compliance with the prudential limits for risk activities with related parties.

INTERNAL AUDIT SYSTEM OF THE GROUP

The activities for the development of the internal audit system of the Group in 2013 were focused in particular on the following areas:

- Enhancement of the Internal Audit System, aimed at achieving a high level of awareness of the operational and reputation risks characterizing the activities of the Group, and identification and monitoring of suitable measures for risk mitigation;
- Implementing of a coherent plan of measures for reviewing and updating the organizational structure, the information system and the audit system of the Depositary Bank sector.

RISK GOVERNANCE

During 2013 activity continued for the improvement of the Risk Appetite Framework (RAF), aimed at identifying and monitoring the level and type of risk that the bank is willing to support in order to pursue its strategic objectives.

Amendments were made to some metrics and a new one was introduced ("Overall exposure to related parties") on the basis of the revision approved at the end of 2012. The II level metrics providing better risk indication connected with the operational management of the various competence Centres/Companies were also implemented, with the identification of a first set of metrics and undertaking their periodical monitoring; the inclusion in the RAF of quality indicators, especially with reference to risks that are hard to measure, was undertaken.

In addition to this, the measurement methods, audit systems and processes and reporting activities of the business risks to which the ICBPI Group is exposed continued to be fine-tuned, in particular:

- With regard to Operating Risks, the Computer Risk Model was revised. The annual cycle for assessment of operating risks was also conducted on the business processes of the Parent Company, CartaSi, Help Line and Oasi; the assessments were planned on the basis of the relevance of the processes in terms of business impact. As previously occurred in 2012, there was a major focus on the processes managed in the Securities Services Department and, specifically, on the analysis of the Depositary Bank activities;
- Regarding credit and counterparty risks, monitoring was started on exposure with related parties, in which the regulatory limits, more severe than those provided for the so-called "major risks", came into effect on 31 December 2012, and there was further automation of the process for the measurement of exposure in options with "delta equivalent" method. With regard to the checking of risk concentration (so-called "major risks"), the monitoring activity implemented the amendments introduced by EU Regulation 575/2013 and Bank of Italy Circular 285/2013, in force from 1 January 2014;
- With regard to the liquidity risk, the amendments on rules regarding the Basel III LCR – Liquidity Coverage Ratio indicator were implemented.

ICBPI GROUP ORGANISATIONAL ARRANGEMENTS

During the period work on the Group organizational model continued in order to allow the accurate and systematic implementation in internal regulations of the legislative and supervisory provisions applicable to the overall entities forming the Group.

New versions of the Parent Company and Group Regulations were issued to reflect the organizational changes made in the period. In particular: the previously mentioned establishment of the role of the Managing Director and the system of proxies and powers of the Managing Director /General Manager; the cancellation of the Executive Committee, no longer provided for in the company Articles of Association; the concentration of the Institutional Communication activities in the Communication Service of the Parent Company, which thus also extends its role to management, on behalf of all the Group Companies, of relations with the media, the drafting and distribution of press releases and the organization of institutional events; the changes made with a view to the efficacy, authoritativeness and independence of the second- and third-level internal audit system. The Compliance Service and the Risk Management Service were placed under the direct control of the Managing Director, no longer with any intermediation by the role of Chief Risk Officer, previously responsible for coordination in compliance with the provisions of the 15th updating of Bank of Italy Circular No. 263 - Chapter 7 - Section III – Art. I.

The Audit Service, as a third-level control function, was placed under the direct control of the Board of Directors.

The subsidiary OASI, in order to better manage the initiatives provided by the business plan, approved the reorganization of the company that will become operational in 2014.

During the year, checking for confirmation of ISO 9001 Certification for the Parent Company and the subsidiaries CartaSi S.p.A., Help Line S.p.A. and Oasi S.p.A. had positive results.

Finally, we can point out that in order to optimize the operational synergies following the merger of Key Client in CartaSi, the subsidiary Help Line has combined the two Operating Facilities "CartaSi Clients" and "Support to Merchant and Market Clients" into the Operating Facility "CartaSi and Market Clients", with a consequent change in the organizational structure.

GROUP IT SYSTEM

In 2013 the New ICT Operational Model was defined and implemented to enhance the IT system in terms of skills, processes and instruments and to rationalize the software and infrastructure resources, in order to reinforce the impact in terms of quality, innovation and security while at the same time maintaining a significant containment of costs.

With regard to Payments Systems, updating was conducted of the new SEPA payment procedures as for the system itself and the intermediation services, ACH (Automated Clearing House) and C.A. (Centro Applicativo, i.e. the clearing mechanism of the Bank of Italy).

The activities also continued for enabling the service for the sale and collection of vouchers for the payment of occasional employment services (Italian social security institute, INPS) for new members, and for enabling for SEPA Bank Transfers and Collection on the new Payment

Hub platform, developed by ICBPI to facilitate the transfer of its customers to SEPA.

As for the development of new services, computer activities were completed to supply banks with the MyBank service (e-commerce payment network of EBA Clearing).

With regard to the services offered by the Securities Services Department and specifically services for Fund Administration, the activities necessary for taking over the activities of NAV calculation of Pension Funds were concluded, and the acquisition of the Transfer Agent services from an asset management company (SGR) was successfully completed.

With reference to services for the Depositary Bank controls, the merger of third party funds into Arca funds and the merger of the Carige SGR funds into the Arca funds were undertaken both for mutual funds and pension funds.

With regard to Global Custody solutions, the first part of the “Polaris Project” was implemented, with the replacement of the Derivatives Back Office platform by a new integrated and improved platform. In 2014, the project will allow the Securities Back Office platform to be combined on one provider only.

In the e-Money sector, various measures for rationalization and development of CartaSi information systems were completed.

The “Multiprocessor Acquiring” Programme has been developed in early 2013, providing for the management of acquiring activities through a single platform coherent with the current operational processes of CartaSi and powered by several processors. The operational transfer of the acquiring services to the preferred payment processor Equens was started in October 2013 and will be completed by the first half of 2014.

The “Multiprocessor Issuing” Programme has been developed since the third quarter of 2013 and includes various projects related to the Delivery Channels (cardholder portals, mobile portals, loyalty programs), to the Back Office IT systems (customer care, dispute management, charge back, business intelligence). Besides, it is complementary with the IT Migration toward the IT platform of the preferred payment processor Equens.

The “Multicompany” Programme, aimed at maintaining and extending to all the Group customers the widest range of “added value services”, both its own and those for CartaSi, present in the various e-Money business models of the Group (Licence/Associates/Servicing), has been developed in accordance with the "Multiprocessor" programmes.

With regard to Computer Security, the SOC (Security Operation Center) was started up for the entire ICBPI Group, as a new service designed to raise the level of prevention, detection and management of ICT security incidents.

In September 2013, the revision was started on the entire technical and organizational structure of Group Business Continuity, in accordance with the new provisions of the Supervisory Authorities.

HUMAN RESOURCES

With regard to human resources, Group employees at 31 December 2013 totalled 1,915 units, compared to 1,881 at 31 December 2012, with the following distribution over the individual companies:

	ICBPI				OASI				CartaSi			
	dec-12		dec-13		dec-12		dec-13		dec-12		dec-13	
	units	FTE	units	FTE	units	FTE	units	FTE	units	FTE	units	FTE
Top managers	37	37.0	36	36.0	7	7.0	8	8.0	16	16.0	14	14.0
Middle managers	320	315.0	353	347.4	34	34.0	29	29.0	178	175.8	181	179.0
White collars	416	395.5	461	438.6	65	62.5	48	46.8	350	326.8	326	303.0
Fixed term contracts	9	9.0	8	8.0	1	1.0	2	2.0				
Total	782	756.5	858	830.1	107	104.5	87	85.8	544	518.6	521	496.0

	Help Line			
	dec-12		dec-13	
	units	FTE	units	FTE
Top managers	3	3.0	2	2.0
Middle managers	11	11.0	13	13.0
White collars	347	290.2	336	280.5
Fixed term contracts	87	67.0	98	81.4
Total	448	371.2	449	376.9

	Gruppo ICBPI			
	dec-12		dec-13	
	units	FTE	units	FTE
Top managers	63	63.0	60	60,0
Middle managers	543	535.8	576	568.4
White collars	1,178	1,074.9	1,171	1,068.9
Fixed term contracts	97	77.0	108	91.4
Total	1,881	1,750.7	1,915	1,788.7

INFORMATION ON STAFF AND THE ENVIRONMENT

With regard to trade union relations, trade union agreements were signed in 2013 regarding the Company Bonus and Insurance Policies for personnel, in order to ensure continuity to these benefits in the Group companies.

With regard to health and safety at the workplace, two new Risk Assessment Documents and the relative annexes were drafted as required under Italian Legislative Decree 81/2008 (as amended and supplemented) for the offices in Milan, Corso Sempione 57 and Via Livraghi 14/16, also updating the Internal Contingency Plans for all the offices of the ICBPI Group companies with the undertaking of evacuation drills.

With regard to training, the Group Training Programme "Development and enhancement of Human Resources in the ICBPI Group" was designed for 2013; the Plan capitalized and ensured continuity to the training provided in previous years and its guidelines, objectives and contents continue to be linked to the developments of the ICBPI Group.

In 2013, a total of 59,961 hours of training was provided, of which 7,208.5 were mandatory training, 39,058 specialist training and 13,694.5 management training, with an average of 4.3 man-days.

COMMUNICATION AND EXTERNAL RELATIONS

The institutional and marketing communication activities included the following in particular:

- The conference: "Banche Popolari e Imprese innovative. Cooperare per crescere", held in Bergamo on 22 February 2013, organized by the Parent Company in collaboration with Associazione Nazionale fra le Banche Popolari (Italian Association of Cooperative Banks);
- The conference: "Monetica, il valore in più. Strategie per un mercato in movimento", held in Palermo on 27 September 2013, promoted and organized by CartaSi;
- The conferences held on 28 May in Milan and on 3 July in Rome organized by Oasi for the analysis of the recent provisions on money laundering issued by the Bank of Italy;
- Attendance at events promoted by other institutions (ABI, Swift, EBA Clearing, Confindustria) dedicated to providing an in-depth analysis and dialogue on the regulatory, technological and framework developments seen in the various business areas of relevance: Payments, Securities Services and E-Money.

TREASURY SHARES

It is noted that there was no treasury share trading activity during the period.

Consequently, the ICBPI portfolio currently has 75,191 treasury shares with a par value of Euro 3.00 each, with a non-distributable reserve of Euro 32,196.

PERFORMANCE OF THE PARENT COMPANY AND THE GROUP COMPANIES

The results of the Financial Statements and the initiatives of the Parent Company and the Subsidiary companies (CartaSi, Help Line, Oasi, subject to management and coordination by ICBPI) and of the main investee companies (Hi-Mtf Sim, Equens SE and Unione Fiduciaria, included within the scope of consolidation) follow below.

ICBPI S.P.A.

ICBPI recorded a profit for the year of Euro 68.2 million, lower than the Euro 75.6 million of 2012 and affected by the increase of the corporate income tax (IRES) by Euro 5.0 million and by a lower contribution of the interest income. Gross consolidated profit amounted to Euro 117.8 million, compared to Euro 115.5 million in the previous year. Shareholders' equity totalled Euro 711.7 million compared to Euro 642.4 million in 2012 (+10.8%).

CARTASI S.P.A.

The subsidiary CartaSi, of which ICBPI holds 94.88% of the share capital, closed the year with a net profit of Euro 52.8 million compared to Euro 64.8 million of the previous year. This result is partly due to the continuation of the outflow of former partner banks, despite the overall increase in the number of cards, and partly to the corporate income tax (IRES) for Euro 7.8 million.

The main economic indicators for 2013, compared to those of 2012, were as follows:

- The profit & loss account at 31 December 2013 shows an operating profit of Euro 93.6 million, 5% lower than the previous year;
- Interest income stood at Euro -11.9 million, an improvement of 22.5%;
- The balance between commissions income and commissions expense (Euro 262.8 million), recorded a decrease (-10.7%);
- Payroll and related costs amounted to Euro 38.5 million (-7.3%);
- Other administrative expenses (Euro 306.3 million) showed a decrease (-2.5%);
- Other operating income and expenses (Euro 211.0 million) showed growth (+7.4%).
- Income tax, totalling Euro 40.8 million, rose by 18.2%, also due to the effect of the corporate income tax (IRES) of Euro 7.8 million.

A comparison of the actual business results posted for 2013 with those projected in the 2012-2015 Business Plan highlighted a positive trend on a like-for-like basis, with EBIT around 6% higher than forecast.

The Balance Sheet reflects the trends registered by the business and reports slight changes compared with 2012.

In particular it is noted that:

- Receivables (Euro 2,662.1 million) are in line with those recorded in 2012;

- Payables (Euro 2,098.7 million) consist mainly of funding of card management activities, reflecting trends in Receivables;
- Provisions for risks and charges (Euro 18.7 million) fell on the whole following releases for alignment with residual risks.

The 2013 business performance, which involved the management of approximately 12.9 million cards and approximately 2.1 billion transactions, are summarised below in relation to the three main business lines of the Company:

- Issuing and acquiring activities managed through CartaSi international licences;
- Servicing issuing and acquiring activities;
- Management of POSs and ATMs.

Directly licensed issuing and acquiring activities

- The company's card business increased by 15.8% compared to 2012, closing the year with almost 7 million cards, due to a growth in the issue of new cards (about 1.8 million), which more than offset the continuation of outflows of those Banking Groups that were previously company shareholders to proprietary products;
- The product composition of new issues and consequently the stock of cards at year-end recorded a significant increase in the weight of prepaid cards (2013: 32.5%; 2012: 18.7%) as a result of the activities for strengthening the presence in this market sector;
- Total expenditure by holders of cards under management totalled approximately Euro 22.1 billion and compared to 2012 recorded a fall of 2.8% due to the negative economic context and the residual outflow those Banking Groups that were previously company shareholders;
- Average expenditure of credit cards, which remains among the highest in the target market, has grown also thanks to the promotional and spending stimulation initiatives implemented during 2013;
- The volumes of negotiated acquisitions totalled around Euro 42.6 billion, a slight increase of +0.3% compared to 2012 despite the current economic trend and competitive pressure;
- On the whole the number of managed issuing and acquiring transactions showed an increase of 3.6%.

Servicing activities

- The stock of cards managed on behalf of third-party licensee totalled approximately 6 million cards, with a significant increase of the percentage of prepaid cards;

- The number of functions managed with regard to debit cards (28.2 million), in line with the increase in the sector, recorded a considerable increase with respect to 2012 (+7.3%);
- The overall number of transactions managed (1,352 million) rose with respect to the previous year (+13.6%) above all due to the volumes acquired for management by a major Banking Group.

Terminal management activities

- the number of e-commerce (over 11 thousand units) and physical (around 490 thousand units) POS grew; in particular, the number of virtual POS continued to see a sharp increase (+20%) compared to 2012 as a result of the expansion of the sector;
- Managed ATMs reached 9.8 thousand units, a slight decrease compared to the figure for last year (-1%) due to the rationalisation of branches by certain Banking Group customers.

The “Osservatorio Acquisti CartaSi” (CartaSi Spending Monitor) has strengthened its position as a reliable source of information on the purchasing behaviour of Italian consumers. During the year, this monitoring tool was increasingly present in the Italian media, and a Foresight Report was issued with the estimated quantity trends for the two subsequent years; in May, the traditional annual event for presenting the 2012 results was held.

In 2013, the subsidiary continued its digital innovation process by conducting several initiatives including the following:

- Trial and marketing of the MobilePOS solution for the acceptance of mobile payments via smartphone, aimed at types of merchants suited to the use of solutions that are alternative to the traditional ones;
- Development of the “CartaSi Mobile” App available in the major stores, optimized for smartphones and tablets, but working on all mobile devices, with the addition of new services and integrated with the Apps of the Partner Banks;
- Trial and launching of payments with NFC/contactless technology, allowing for the use of mobile phones as an alternative to payment cards to make contactless transactions in card present mode;
- Development of the virtual POS features for merchants with a website optimized for mobile devices (tablets, smartphones) and for online payment services with bank transfer (MyBank service).

HELP LINE S.P.A.

The subsidiary Help Line S.p.A., of which ICBPI holds 70% of share capital, recorded a result of current operations before taxes of Euro 1.6 million compared to Euro 2.9 million on 31 December 2012, which included non-recurring activities. In particular administrative expenses amounted to Euro 32.3 million, depreciation/amortisation to Euro 428,000 and other operating income/expenses to Euro 34.9 million. Income tax totalled Euro 909,000 thus producing a net profit of Euro 701,000. Shareholders' equity, including net profit for the year, totalled Euro 7.8 million.

In the period we note the purchase of the new headquarters in Cividale del Friuli where the registered office and the facilities now located in San Giovanni al Natisone will be transferred in 2014.

OASI S.P.A.

The subsidiary Oasi S.p.A., of which ICBPI holds 100% of the share capital, recorded an operating profit totalling Euro 3.5 million, 1.22% higher than the 2013 budget.

Operating income totalled Euro 22.6 million, 19.3% high than in 2012 net of the pension fund segment transferred to the Parent Company as of 1 January 2013; operating costs totalled Euro 19.1 million, compared to Euro 19.8 million referring to all the Business Units of the previous year (-3.8%). The aforesaid costs affect the investments made for the start-up of new projects and services and the consequent updating of infrastructures.

Current and prepaid taxes of Euro 1.5 million led to a net profit of Euro 2.1 million, which is in line with the budget and reflects a decrease compared to 2012 (-32.7%), including the result from pension funds. Shareholders' equity, including net profit for the year, totals Euro 14.1 million, compared to Euro 17.6 million as at 31 December 2012.

The Company, which operates on behalf of Banks, Insurance Companies, asset management companies (SGR) and other companies, providing services and products related to the fight against money laundering, supervisory reporting, compliance, internal audits and security, achieved important results, including designing and implementing new activities complementary and synergistic to traditional ones. In particular:

- As for the fight against money laundering, new software solutions for all the banks were developed for the GIANOS® 3D systems, in compliance with Bank of Italy provisions regarding the adequate verification of customers; all modules of the computer program regarding risk profiling and functions assisting the reporting of suspicious transactions were updated; the forms for the fight against usury and tax fraud were completed, and the outsourcing service was designed and started with the acquisition of the first customers;

- As for supervisory reporting, new projects were undertaken for: the FATCA (Foreign Account Tax Compliance Act) service; the MAPS (Historical Loss Database Monitoring) service to comply with the reporting requirements governed by the new supervisory provisions; the service for posting the new layouts of prudential supervision of banks in the Euro area and Asset Quality Review to ascertain the actual situation of the various players; finally, the transfer was started for the outsourcing service of supervisory reporting of a major Banking Group;
- As for training, the banking masters course was organized, renewed and conducted, with interventions designed and provided for top management regarding governance in collaboration with major Universities; anti-money laundering courses were provided with the collaboration of ABIFormazione;
- The new computer security service, started in in the year, proposed and implemented projects for countering computer fraud in internet banking, for the protection of information in compliance with the Italian Data Protection Authority and the Bank of Italy, and there have been important commercial partnership agreements with major companies specialized in providing specialized solutions;
- The internal audit service, set up in the last four months of the year, organized services to assist banks in this sector and provided the first consultancy services on prudential supervisory provisions for banks regarding the internal audit system, the information system and business continuity.

OTHER COMPANIES INCLUDED WITHIN THE SCOPE OF CONSOLIDATION

Financial Statement highlights for the other investee companies included within the scope of consolidation follow below.

EQUENS SE

On the basis of the most recent estimates, the year 2013 should close with an operating profit (EBIT) of Euro 13.1 million (compared to 25.3 million in 2012).

This result, lower than expected, depended on the trends in revenues affected by heavy pressure on prices and an insufficiently severe commercial action which has not led to significant increases in the customer base, despite the fact that in early 2013 an important 10-year contract had been signed for card processing services with a Finnish bank; in addition to the lack of growth in revenues, the company undertook a series of measures aimed at the increasing of efficiency although they were not able to maintain the expected profitability levels.

The result was further penalized by extraordinary charges deriving from a fraud and unbudgeted additional costs.

Due to this trend, the Supervisory Board has deemed it necessary to define a plan for initiatives and measures to intervene promptly and effectively on the Company structures (governance, organization, production structures, market services) and bring these back to the expected profitability levels.

In the context of the process for the reorganization of the Equens Group, at the end of 2013 a cross-border merger project of Equens S.p.A. into Equens SE was completed.

On 1 January 2014, the merger between the German company Montrada GmbH and the Dutch company PaySquare BV - both subsidiaries of Equens and operating in the payment card sector - became effective and after which a new company called PaySquare SE was set up. The new company, with main headquarters in the Netherlands and branches in Germany and Poland, also has full control over BD-POS GmbH, a company specialized in logistics and terminal maintenance.

With regard to the operational aspects concerning the partnership with Equens, we note that in the e-Money sector, in order to achieve a target model of the technological infrastructure in line with the business models in use, CartaSi planned and started a complete process for the gradual convergence and consolidation of the activities for processing the acquiring and issuing on the reference platform managed by Equens. In particular, the completion of the basic project activities for the acquiring section has allowed the start-up of the transfer to the Equens platform of processing regarding merchants still managed by CartaSi through other platforms; this transfer will be completed by the first half of 2014.

With reference to the payments sector, Equens made considerable efforts with regard to the support provided to ICBPI in the transfer to new SEPA payments instruments. In particular, with regard to the transfer to SEPA Credit Transfer (SCT) the activities were duly conducted and concluded within the deadline of 1 February 2014 (SEPA end-date). With regard to the transfer to SEPA Direct Debit (SDD), the activities by Equens are still under way. This transfer has, in fact, proved to be more complex than expected due to the involvement of numerous players in the system such as enterprises and the civil service, besides banks and Payments Providers, so that the European Commission has introduced a period of duality up to 1 August 2014 to facilitate the completion.

HI-MTF SIM

The company, with share capital owned in equal amounts by ICBPI, Banca Sella, Banca Aletti and ICCREA Banca, recorded a pre-tax operating profit of Euro 748,000 compared to Euro 655,000 in 2012. This result was achieved thanks to a net banking income of Euro 3 million compared to Euro 2.8 in 2012, with a higher increase compared to cost containment. Income tax for the year totalled Euro 329,000 and net profit thus totalled Euro 419,000. Shareholders' equity amounted to Euro 5.6 million. The total Italian market share of Hi-MTF showed a significant increase in the year (from 7.66% to 9.01%) above all due to the excellent performance recorded in the first half of the year. The company also started to draw up the three- year Business Plan for the 2014-2016, completed in the month of January-February 2014. On 18 January, the inspection by the Bank of Italy Supervision Inspectorate ended with a "partially favourable" opinion. The CONSOB inspection, which started on 3 December 2012, was completed on 25 March.

UNIONE FIDUCIARIA

The company in which the ICBPI has a stake of 24%, provided regular and continuous services, with respect to the past, in the sector of trust management for assets as well as software services. In the year 2013 it is expected to record a slightly better result than in the previous year in terms of operating profit and net profit.

Dear Shareholders,

FINANCIAL STATEMENT HIGHLIGHTS

A summary of the consolidated results recorded in the accounts at 31 December 2012 is provided below.

Consolidated balance sheet

The corporate events described above are reflected in the Balance Sheet and Profit & Loss Account figures highlighted below. The comparative data were adjusted for retrospective application of IAS 19. The consequent impact is shown in part A of the Explanatory Notes.

The balance sheet figures at 31 December 2013 show "total assets" of Euro 8,375.8 million, compared to Euro 8,372.6 million at 31 December 2012.

In particular, a breakdown of the items that make up total assets shows that:

- **"Financial assets held for trading"** amounted to Euro 10.7 million, compared to Euro 244.1 million at 31 December 2012. The decrease refers to the sale of government bonds during the year;
- **"Available-for-sale financial assets"** totalled Euro 2,518.1 million, compared to Euro 1,930.3 million in the previous year. The increase in available-for-sale assets mainly refers to the purchase of fixed income;
- **"Financial assets held to maturity"** totalled Euro 91.9 million, compared to Euro 107.6 million at 31 December 2012, and mainly consist of bank bonds. This decrease is due to the repayment of certain securities at maturity;
- **"Receivables from banks**" amounted to Euro 1,043.8 million compared to Euro 1,724.6 million in the previous year. The decrease mainly refers to lower bank deposits;
- **"Receivables from customers"** totalled Euro 3,533.4 million, compared to Euro 3,152.4 million in 2012;
- **"Equity investments"** totalled Euro 109.2 million, compared to Euro 114.1 million at 31 December 2012. The decrease refers to the write-down of the investment in Equens SE (Euro 11.7 million) compared to an increase deriving from the acquisition of further stakes of Unione Fiduciaria totalling No. 228,316 shares, thus bringing the stake to 24% of the equity;

- **“Tangible and intangible assets”** totalled Euro 315.1 million, compared to Euro 317.0 million as at 31 December 2012. The change is due to amortisation and depreciation for the period;
- **“Other assets”** totalled Euro 753.8 million, compared to Euro 782.5 million, and consist of “cash and cash equivalents” for Euro 186.5 million, “tax assets” totalling Euro 71.8 million, of which prepaid taxes totalled Euro 50.5 million, and “other assets” for Euro 495.5 million.

As for liability items:

- **“Payables to banks”** totalled Euro 2,219.9 million, compared to Euro 3,162.3 million as at 31 December 2012. The decrease is due mainly to the lower deposits on correspondence current accounts;
- **“Payables to customers”** totalled Euro 4,008.6 million, compared to Euro 3,100.6 million in the previous year. The change mainly refers to the increase in customers’ deposits for the depositary bank activity;
- **“Financial liabilities held for trading”** totalled Euro 7.1 million, compared to Euro 29.1 million at 31 December 2012. The decrease mainly refers to the completion of a transaction made during the year;
- **“Outstanding securities**” amounted to Euro 10.0 million, unchanged on 31 December 2012 and relating to the bond loan issued;
- **“Other liabilities”** totalled Euro 1,188.6 million, compared to Euro 1,194.3 million in 2012, broken down into “tax liabilities” for Euro 48.1 million, of which deferred taxes amounting to Euro 40.3 million, and “other liabilities” amounting to Euro 1,140.6 million;
- **“Employee severance indemnities”** totalled Euro 19.5 million, compared to Euro 21.6 million in the previous year;
- **“Provisions”** totalled Euro 46.1 million, compared to Euro 54.3 million at 31 December 2012;
- **“Group shareholders’ equity”** amounted to Euro 776.3 million, compared to Euro 683.2 million at 31 December 2012, and includes the allocation of profit for 2012 and the increase in the Valuation Reserve for Euro 18.3 million mainly due to Italian government bonds;
- **“Minority interests”** totalled Euro 26.4 million compared to Euro 26.3 million at 31 December 2012.

To these values must be added the consolidated net profit for the year of Euro 73.2 million, the breakdown of which is set out in the "Profit & Loss Account" statements.

Consolidated profit & loss account

The consolidated results are shown based on the management Profit & Loss Account entries shown below.

Profit & Loss Account has been compared to the consolidated figures recorded on 31 December 2012, suitably adjusted for the retrospective application of IAS 19.

It is pointed out that the economic data for 2012 were reclassified in order to improve the comparability with data for the year 2013.

The consolidated profit & loss account at 31 December 2013 shows a net profit of Euro 73,186 million, compared to Euro 91,051 million at 31 December 2012 (-19.6%).

In particular:

- **"Net commissions and revenues from services"** totalled Euro 574.972 million, compared to Euro 569.760 million at 31 December 2012 (+0.9%);
- **"Interest income"** amounted to Euro 77.560 million, compared to Euro 87.005 million in the previous year (-10.9%);
- **"Income from securities and foreign exchange transactions"** amounted to Euro 4.160 million, compared to Euro 10.014 million at 31 December 2012;
- **"Dividends and other income"** amounted to Euro 2.097 million, compared to Euro 2.124 million, recorded on the same date of the previous year.

The total of these items results in **"operating income"** of Euro 658.789 million, compared to Euro 668.903 million at 31 December 2012 (-1.5%).

Further items include:

- **"Administrative expenses"** amounted to Euro 462.057 million, compared to Euro 462.773 million at 31 December 2012 (-0.2%).

In detail:

"Payroll and related costs" totalled Euro 131.054 million, compared to Euro 127.958 million in the previous year (+2.4%). The increase compared to the same period in the previous year is related to the change in scope resulting from extraordinary transactions that took place starting from the second half of 2012;

"Production costs" totalled Euro 98.924 million, compared to Euro 95.867 million at 31 December 2012 (+3.2%);

"ICT costs" totalled Euro 170.229 million, compared to Euro 159.121 million at 31 December 2012 (+7.0%).

"General expenses" totalled Euro 61.851 million, compared to Euro 79.826 million at 31 December 2012 (-22.5%).

- **"Depreciation and amortisation"** amounted to Euro 25.375 million, compared to Euro 24.222 million at 31 December 2012 (+4.8%);
- **"Other income and expenses**" amounted to Euro 12.577 million, compared to Euro 8.419 million in the consolidated profit & loss account at 31 December 2012 (+49.4%);
- **"Operating allocations"** amounted to Euro 15.520 million, compared to Euro 18.002 million at 31 December 2012 (-13.8%).

These items result in total **"operating costs"** amounting to Euro 490.376 million, compared to Euro 496.577 million in the consolidated profit & loss account at 31 December 2012 (-1.2%).

Consequently, the **"operating profit"** amounted to Euro 168.413 million, compared to Euro 172.326 million in the consolidated profit & loss account at 31 December 2012 (-2.3%).

To the **"operating profit"** must be added **"Profit from equity investments and AFS"** negative for Euro 11.763 million, and **"Other items"** negative for Euro 5.225 million.

More specifically, profit from equity investments and AFS consists of the write-down in the equity investment in Equens SE for Euro 11.692 million, the write-down in the equity investment in Fondo Italiano Investimenti for Euro 2.887 million, the positive adjustment of securities held to maturity due to the reversal of the write-down of Alpha bond for Euro 0.626 million, the Sia capital gain for Euro 3,104 million and other negative items totalling Euro 0.914 million.

Other items consist in Depositary Bank Customer Contracts' amortisation totalling Euro 7.517 million, the release of risk provisions for litigation with insurance companies totalling Euro 2.852 million, allocations to provisions for tax risks totalling Euro 0.500 million and other charges for Euro 0.060 million.

After taxes of Euro 75.335 million, including corporate income tax (IRES) for 2013 of Euro 12.7 million, and profit attributable to minority interests of Euro 2.904 million, the **"net profit for the Group"** amounted to Euro 73.186 million, compared to Euro 91.051 million at 31 December 2012 (-19.6%).

OUTLOOK

In 2014, the ICBPI Group intends to continue to pursue its strategy for growth on the reference markets, in the role of market operator and System Bank, guaranteeing quality services and cost efficiency, while increasing its capacity for innovation in accordance with defined risk policies, maintaining the profitability targets and applying the 2012-2015 Business Plan; moreover the Group intends to pursue the company purpose set forth in Article 4 of the Articles of Association.

RATING

On 27 December 2013, Standard & Poor's confirmed a rating of "BBB-/A-3 with a negative outlook" for ICBPI. The negative outlook reflects the risk of a deterioration in macroeconomic conditions in Italy and therefore of the conditions under which banks operate.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Since 1 February 2014, the new SEPA (Single Euro Payments Area) payment instruments have been in operation to standardize payment services on the European level.

In accordance with the similar communication by the ECB, on 13 January 2014 the Bank of Italy, while confirming the transfer date (1 February 2014), has provided an additional period of 6 months, up to 1 August 2014, in which the SEPA payment services will continue to co-exist with the national ones, without sanctions being imposed.

Milan, 28 February 2014

THE BOARD OF DIRECTORS

Consolidated financial statements
at 31 December 2013

CONSOLIDATED BALANCE SHEET

ASSETS		31/12/2013		31/12/2012	
10.	**Cash and cash equivalents**		**186,512**		**181,252**
20.	**Financial assets held for trading**		**10,660**		**244,070**
40.	**Available-for-sale financial assets**		**2,518,063**		**1,930,284**
50.	**Financial assets held to maturity**		**91,861**		**107,597**
60.	**Receivables from banks**		**1,043,795**		**1,724,592**
70.	**Receivables from customers**		**3,533,355**		**3,152,445**
100.	**Equity investments**		**109,190**		**114,102**
120.	**Tangible assets**		**171,182**		**167,619**
130.	**Intangible assets**		**143,897**		**149,392**
	of which goodwill	77,331		77,331	
140.	**Tax assets**		**71,759**		**61,300**
	a) current	21,298		1,524	
	b) prepaid	50,461		59,776	
160.	**Other assets**		**495,563**		**539,942**
	Total assets		**8,375,837**		**8,372,595**

(Thousands of Euro)

LIABILITIES			31/12/2013		31/12/2012	
10.	Payables to banks		2,219,943		3,162,271	
20.	Payables to customers		4,008,594		3,100,604	
30.	Outstanding securities		10,025		10,018	
40.	Financial liabilities held for trading		7,138		29,050	
80.	Tax liabilities		48,062		48,663	
	a) current	7,804		14,981		
	b) deferred	40,258		33,682		
100.	Other liabilities		1,140,571		1,145,623	
110.	Employee severance indemnities		19,471		21,575	
120.	Provisions for risks and charges		46,085		54,273	
	a) pensions and similar obligations	1,038		1,178		
	b) other provisions	45,047		53,095		
140.	Valuation reserves		77,760		58,668	(*)
170.	Reserves		507,802		433,765	(*)
180.	Share premium		148,242		148,242	
190.	Share capital		42,557		42,557	
200.	Treasury shares (-)		-32		-32	
210.	Minority interests (+/-)		26,433		26,267	
220.	Profit (loss) for the year (+/-)		73,186		91,051	(*)
	Total liabilities and shareholders' equity		8,375,837		8,372,595	

(Thousands of Euro)

(*) Data adjusted for retrospective application of IAS 19.

CONSOLIDATED PROFIT & LOSS ACCOUNT

INCOME STATEMENT			31/12/2013		31/12/2012	
10.	**Interest receivable and similar income**		**102,923**		**121,127**	
20.	**Interest payable and similar charges**		**-25,787**		**-34,125**	
30.	**Interest income**		**77,136**		**87,002**	
40.	**Commission income**		**1,017,682**		**978,884**	
50.	**Commission expense**		**-678,014**		**-621,803**	
60.	**Net commission income**		**339,668**		**357,081**	
70.	**Dividends and similar income**		**968**		**188**	
80.	**Net trading result**		**4,144**		**9,570**	
100.	**Profit (loss) on disposal or buy-back of:**		**3,739**		**115**	
	b) available-for-sale financial assets	3,104		115		
	c) financial assets held to maturity	635		-		
120.	**Net banking income**		**425,655**		**453,956**	
130.	**Net adjustments due to impairment of:**		**-7,216**		**-6,730**	
	a) receivables	-4,133		-2,777		
	b) available-for-sale financial assets	-2,895		-3,953		
	d) other financial transactions	-188		-		
140.	**Net result from financial operations**		**418,439**		**447,226**	
180.	**Administrative expenses:**		**-503,583**		**-512,126**	(*)
	a) payroll and related costs	-132,483		-129,028		
	b) other administrative expenses	-371,100		-383,098		
190.	**Net allocations to provisions for risks and charges**		**-2,130**		**-11,415**	
200.	**Net adjustments to tangible assets**		**-20,052**		**-19,426**	
210.	**Net adjustments to intangible assets**		**-12,913**		**-14,327**	
220.	**Other operating expenses/income**		**283,108**		**272,806**	
230.	**Operating costs**		**-255,570**		**-284,488**	
240.	**Profit (loss) from equity investments**		**-11,443**		**-6,940**	
270.	**Profit (loss) from divestments**		**-1**		**4**	
280.	**Profit (loss) from current operations before taxes**		**151,425**		**155,802**	
290.	**Income taxes from current operations**		**-75,335**		**-60,314**	(*)
300.	**Profit (loss) from current operations after taxes**		**76,090**		**95,488**	
320.	**Profit (loss) for the year**		**76,090**		**95,488**	
330.	**Profit (loss) for the year attributable to minority interests**		**-2,904**		**-4,437**	(*)
340.	**Profit (loss) for the year attributable to the parent company**		**73,186**		**91,051**	(*)

(Thousands of Euro)

(*) Data adjusted for retrospective application of IAS 19.

Reports and Financial Statements of the Parent Company

Board of Directors' Report on Operations

Dear Shareholders,

2013 ended with a net profit of Euro 68.2 million, compared to a net profit of Euro 75.5 million in 2012. Shareholders' equity totalled Euro 711.7 million compared to Euro 642.4 million in December 2012 and is affected by an increase of the corporate income tax (IRES) for Euro 5.0 million and to a lower contribution of the interest income.

ORGANISATIONAL STRUCTURE

In addition to those already mentioned in the section of the Report on Group's operations, no specific interventions were carried out within the organisation.

REGULATORY COMPLIANCE

The activities continued regarding compliance with provisions on the oversight of retail payment systems, as stated in Bank of Italy order dated 18 September 2012, with completion planned by March 2014.

With reference to the bilateral agreements between Italy and the United States of America with regard to the countering of offshore tax evasion by United States natural and legal persons (Foreign Account Tax Compliance Act), the activities for compliance for non-United States financial intermediaries (Foreign Financial Institution – FFI) continued. The activities for FATCA compliance will require work by ICBPI in various areas in the medium-long term (2013-2015 3-year period), in accordance with the main deadlines stated in the afore-mentioned Act.

With regard to the introduction of EU Regulation 648/2012 of the European Parliament and of the Council of the European Union, the so-called EMIR, and the European Commission's Delegated Regulations which came into force on 15 March 2013 regarding the risk mitigation for OTC derivative transactions, all actions necessary for compliance with regulatory requirements were completed. In the light of its operations, ICBPI is making the necessary interventions for updating in the Treasury and Financial Services, Investment Services and Fund Services sectors. Besides ensuring compliance in its operations, ICBPI will propose new services to help its customers in Securities Services sector to comply with EMIR requirements.

For implementation of the provisions of EU Regulation No. 260/2012 and the subsequent Bank of Italy Order dated 12/02/2013 - which lay down the requirements and deadline for adopting pan-European standards for national collection and payment services (SEPA) - the activities are continuing to make ICBPI compliant in its operations as a "bank", a "credit institution", "second level bank" (intermediary bank) and ACH.

It is pointed out that following the issue and implementation for each Group company of the new version of Organizational Model pursuant to Italian Legislative Decree No. 231/01 – which implements the organizational changes occurring in 2012/2013 and legislative innovations involving the integration in Italian Legislative Decree 231/01 of environmental offences, the employment of illegally staying citizens of non-EU countries and corruption between private parties - during the second half of 2013 activities were completed for the issue of the specific Group regulations to implement the matters defined in Model 231 and for the updating of the Code of Ethics provided for under the Decree.

Pursuant to Italian Legislative Decree No. 196/2003 as amended and supplemented (Data Protection Code), a Group Code of Conduct has been issued regarding the use of the Internet.

HUMAN RESOURCES

The workforce of the Parent Company at 31 December 2013 totalled 858 units compared to 782 units at 31 December 2012.

	ICBPI			
	Dec-12		Dec-13	
	Units	FTE	Units	FTE
Top managers	37	37.0	36	36.0
Middle managers	320	315.0	353	347.4
White collars	416	395.5	461	438.6
Fixed-term contracts	9	9.0	8	8.0
Total	**782**	**756.5**	**858**	**830.1**

The increase with respect to previous year (by 76 units) is mainly due to the acquisitions of corporate branches completed in the year.

INFORMATION ON STAFF AND THE ENVIRONMENT

Reference is made to the corresponding section of the Report on Group's operations.

SALES DEPARTMENT

In terms of commercial activities for the year 2013, the initiatives undertaken allowed the proposal and start-up on the "banking", "large corporate" and "public sector" markets of new services in the Payments-Collections, Bank-Business and Securities Services areas.

In view of the transfer to SEPA planned in the period February-August 2014, the marketing of the new Smart Payment platform was undertaken, integrating and replacing the current membership in the BICOMP CSM/ACH services, and accompanying the basic SEPA-compliant features with a set of added-value services provided by ICBPI to the customer Banks. Membership of this service will enable customer Banks both to minimize the impact of the transfer (operational-business) and to take advantage of commercial opportunities for innovative services to propose to its customers. The commercial "value proposition" integrating the SEPA products (SCT, SDD), all the domestic forms not included in the first transfer (Centro Applicativo, i.e. the clearing mechanism of the Bank of Italy) and the SEDA (Italian AOS to facilitate the alignment of records for bank customer enterprises) was given a modular structure, and this has allowed for the SEDA service (payer's bank and alignment bank) to complete important negotiations with banks of national and international relevance even when not members of ICBPI's ACH.

With regard to the Payment Hub offer, contracts were signed with two major banking groups. Contracts were also signed for the management of the MyBank service with two major banking service centres, and thanks to an agreement with EBA Clearing for the resale of the "registering agent" licenses for membership of the system, the "end-to-end" service (technical, operational and business) was acquired by six other banks.

We should highlight the growth in the Bank-Business service sector, with the conclusion of five important negotiations with medium/large Banking Groups (including two new customers) which thus project the overall development of the CBI service to the new Innovation Banking platform.

Again in the context of the Bank-Business services, new commercial initiatives were implemented, with many formalized contracts regarding a series of CBI standard conversion services for SEPA, e-Billing / CBill platform (payment of post office bills in the interbank network), civil service credit certification and tax database.

MARKETING AND INNOVATION ACTIVITIES

With regard to the activities of business development, a feasibility study was started and later completed for establishing a new proprietary network for "PeerToPeer" (P2P) payments via smartphone and based on the current account.

During the year, ICBPI made agreements in the civil service payments system in relation to the Italian Digital Agenda. ICBPI will provide the tax payment service for public entities via bank transfer and with credit cards.

We can likewise point out the setting up and the role of the Group Innovation Monitor a useful tool for analysing market development and identifying the most significant trends supporting the Group's business: in 2013, there was a particular focus on aspects such as mobile payments, big data, P2P payments and crowd funding. Special attention was also focused on innovation in the "social banking" sector and the analysis of the main competitors of the ICBPI Group.

OPERATING PERFORMANCE

2013 results benefitted from the contribution of the individual services as set out below.

PAYMENTS DEPARTMENT

The Payments Department is the historical operational and business component; it is the most well-established, and has always been "central" to the life of ICBPI.

The evolution of the European Payments System (SEPA, the Single Euro Payments Area), which has now entered its final phase, and whose "deliverables" are planned to begin as early as 1 February 2014 (SEPA end-date), and the entry of new non-banking operators into the payment services market, combined with relentless technological innovation and the changing needs of end users (corporate and retail), have prompted ICBPI to engage in deep reflection on the services it offers in order to anticipate the needs of its customers, interpret market trends and identify and implement innovative solutions and new business opportunities.

The 2012-2015 Plan for development of the Payments Department's products also looks to new markets such as the Civil Service and large corporate, BPO, E-billing, MyBank, and Innovation Banking. Revenues rose from a total of Euro 81.5 million net of the interest income to Euro 84.7 million, with a growth of 3.9%.

PAYMENT SERVICES

The operating volumes regarding Payment Services rose from approximately 318.7 million transactions in 2012 to over 343 million in 2013, with an increase of approximately 7.6%.

The operating volumes of the Clearing Services rose by 0.8%, going from approximately 1,480 million transactions in 2012 to approximately 1,492 million in 2013. The year saw the implementation of the agreement with the Bank of Italy and EBA Clearing, under which the ICBPI ACH acquired interoperability, through specific interlinking, also with the EBA ACH, thus ensuring in this way maximum interoperability and accessibility in the Euro area for the ICBPI customer banks.

In the traditional payments sector, there was an expected fall in certain segments, in line with market trends, due to a natural, gradual decrease in established forms of receipts and payments and a rise in more innovative forms based on the concept of "straight-through processing", in which the ICBPI Group is a market leader.

The transactions handled in 2013 within the Major Utility Payments and Collections sector and Treasury and Cash Services (payment of INPS pensions in Italy, Telepass direct debit, Viacard, AGEA and ARCEA bank transfers, Setif) amount to around Euro 56.6 million compared to Euro 51.1 million in 2012, with an increase of around 10.7%.

The volumes in the bank cheques segment recorded a decrease of 5.16%, in line with market trends, while the fall in the bills segment was 2.8%.

Taken as a whole, 1,928,403 banker's drafts were issued in 2013, marking a decrease of 318,035 (or -14.2%) compared to the previous year.

At the end of 2013, the voucher issue and payment service for casual and non-continuous work carried out on behalf of INPS has developed significant volumes of around Euro 22.4 million.

With regard to intermediation services, at the end of December 2013 ICBPI included 87 Intermediary Banks subscribed to its Regular Transfer Intermediation Service (BON) and 86 Banks subscribed to its interbank process for Commercial Collections (ICI).

The gradual increase in operations through the SEPA system has involved, as forecast, a reduction in the volumes of the domestic intermediation sector which is focused on bank transfer transactions, and is continuing at a rate lower than expected. In this respect we can point out a decrease of approximately 7.6% in bank transfer transactions, while commercial collections' intermediation rose by 5% compared to 2012.

The volume of payments managed in the QuiMultibanca network for services to the major telephone companies recorded a decrease of 20.85% with a consequent proportional reduction of fees. The reason for the fall should be sought in the activation of the same service on the websites of those same companies and by non-banking firms (e.g. Sisal). In 2013 107 customer banks used this service.

In the intermediation services in the "Gross Settlement" segment offered to 58 customer banks, the domestic component showed an increase of 16% in terms of volumes, while the "foreign" component fell by 15%.

In 2013, the company recorded approximately 7,000 outgoing commercial payment transactions in foreign currencies on behalf of 394 customer banks, some of which (14) have been able to operate independently through a foreign web platform made available to them.

In order to extend the payment services with foreign currencies other than the Euro, in December 2013 ICBPI made an agreement with a major foreign Bank for the extension of the management of so-called "exotic foreign currencies", rising from 16 to 24 foreign currencies handled.

In 2013, ICBPI acquired the role of Registering Agent for the MyBank service of EBA Clearing, extending the function of Service Provider which it already undertook previously for the customer banks. This new role enables ICBPI to offer integrated and complete support for the process of becoming a member of the service, both for Seller Banks and Buyer Banks. ICBPI has also started the developments necessary for the management of SDD on the MyBank platform, taking part in the test activities required by EBA Clearing.

In the SEPA segment, where ICBPI offers an intermediation service on the ICBPI-ICCREA ACH and access to the EBAStep2 system to around 100 banks, the SCT service showed a substantial increase in the number of transactions of approximately 113% compared to the previous year, bringing around 31 million transactions to this channel.

The service SEPA Direct Debit intermediation service, while showing growth, still recorded not very significant volumes, with less than 500,000 transactions at the end of 2013. The low percentage of transfer of domestic collections to the SEPA SDD instrument is in any case a phenomenon widespread not only in Italy but throughout Europe. The Authorities are thus assessing the possibility of applying extraordinary measures in order to avoid any negative impact on the economic sector based on bank collection and payment processes.

BANK-BUSINESS SERVICES

In 2013 there was an increase of 3.4% in the e-banking terminals managed, rising from 180,535 to 186,742. This has involved a higher than expected increase in revenues.

The CBI Node recorded an increase in transactions for orders and information, rising from 1,109 million units in 2012 to 1,178 million, with an increase of 6.2%.

In 2013, the following new initiatives were started and implemented in this sector: the Certification of Receivables, the transfer of customer current account information to the Italian tax authorities (SERPICO) and the C-Bill project. These initiatives have led to new revenues with full operation achieved, however, in 2014.

The pension payments sector has shown a positive trend, with the revenue target of Euro 2.3 million being reached, forming the basis for further improvement during 2014.

Finally, the consolidation of the service platform was completed for the management of Electronic Invoicing, in view of the implementation of the new provisions by which invoices must be sent to the civil service entities exclusively in electronic format.

In 2013, the agreement was signed with Agenzia per l'Italia Digitale for payments to the civil service (the so-called IT platform "Nodo dei pagamenti – SPC").

SECURITIES SERVICES DEPARTMENT (D2S)

During 2013, the Securities Services Department services (custody, administration and settlement of securities, Depositary Bank, Fund Services, Brokerage & Primary Market, Market Making) provided to Banks, investment firms (SIM), asset management companies (SGR) and Funds continued the positive growth trend of the last years recording an increase in the size of portfolios under management and a slight increase in traded securities, despite the weak macroeconomic scenario that impacted on businesses based on the number of transactions on financial markets (Investment Services, Settlement).

Revenues increased from a total of Euro 27.3 million to Euro 42.2 million, net of the interest income, a significant increase of approximately 54.8%.

During the year, activities were focused on the steps necessary for positioning the Group as a key player (the first one of Italian origin) on the domestic market:

- Choice of the direct membership model for the Target2 Securities platform, in accordance with the objective of becoming a "hub" for the Group partners and for the local banks in custody and settlement services;
- Planning of important investments regarding technology, to provide support to the overall activities to be furnished to customers, and promptly implement changes required by regulations, as well as strategy, to take advantage of the opportunities on the market for growth in external lines.

GLOBAL CUSTODY

In 2013 the Global Custody services, provided to over 130 institutional customers, recorded a significant growth in the portfolio managed, mainly due to acquisition of new customers, and a more limited growth in the area of settlement services.

At the end of the period, the portfolio of securities under custody and management amounted to around Euro 82.6 billion, about 35% being foreign securities, an increase of 41% compared to the 2012 values. The signing of commercial agreements with a banking group has enabled ICBPI to increase assets managed in the domestic component, and to consolidate on the market the full integrated offering model (trading, settlement and custody).

With regard to the settlement business segment, showing recovery with respect to 2012, the positive trend in foreign market transactions continued (+4.0%) while the number of transactions in Italian securities settled in Express II likewise increased (+8.6%). Overall, the transaction volumes in this segment amounted to 3.04 million settlements (+7.4%) in 2013.

OPERATIONS SERVICES AND DEPOSITARY BANK & CONTROLS

The Depositary Bank & Controls Service continued to grow in 2013, recording an increase in assets under management amounting to about Euro 41.3 billion (+17.8% compared to 2012), largely due to the acquisition of the assets of 2 leading asset management companies (SGR).

A total of 42 pension funds were managed in 2013 (+3 compared to 2012), with assets under management totalling about Euro 15.7 billion (+15.9%), confirming ICBPI as market leader in this segment in terms of both assets under management and number of customer funds.

There was also an increase in assets for mutual funds, now approximately Euro 24.4 billion (+15.6%), and for real estate funds, with assets now totalling about Euro 1.2 billion (+190%).

The overall fund portfolio under management now comprises 126 mutual funds, 16 private equity funds and 13 real estate funds.

The start of business with Symphonia SGR and Anima SGR in the year and, in the second half, with Carige SGR, allowed ICBPI to continue growing its Fund Administration business, as regards both Fund Accounting and Matching & Settlement services, which are now carried out on behalf of more than 100 funds, and Transfer Agent services, which are currently provided to more than 1.5 million subscribers.

The transfer at the start of the year to the Securities Services Department of the activities performed by Oasi on behalf of pension funds up to 2012 has also led to the extension of the Transfer Agent activities to a further 500,000 subscribers and Fund Accounting activities to 5 additional pension funds.

BROKERAGE & PRIMARY MARKET

The continuing weakness of the macroeconomic scenario in 2013 influenced the markets in terms of both share prices and traded volumes, with the recovery of trading for the account of third parties slowing as a result.

The overall value of securities traded, equal to Euro 48.74 billion, increased by 7.3% compared to 2012.

This increase was positive in the domestic share market (20.3%) against a sharp reduction in the foreign share market (-30.0%). A slight increase was recorded in traded volumes in the fixed income sector (+2.68%).

The number of transactions completed also showed an increase of 7.75% with respect to 2012, exceeding a total of 1.5 million orders.

The market shares continued to improve in 2013. In the Italian equities sector, for business on behalf of third parties on the Italian Stock Exchange, the market share rose from 3% to 3.62%. In the bond market, the market share in the MOT segment grew from 4.07% to 4.24%.

MARKET MAKING

Also thanks to the strengthening of the structure, which has extended the service for corporate bonds listed on Hi-MTF market also to institutional customers, in 2013 Market Making recorded a positive performance, closing the year with +21.5% with respect to 2012, despite the on-going economic difficulties, the BTP/BUND spread which moved in a much narrower trading range with respect to last year and the significant slowdown of growth in many emerging economies (Asia and South America).

The number of orders was unchanged with respect to 2012 and the competitiveness compared to the other market makers operating on the Hi-MTF market remained at good levels (40.3% of total volumes traded), allowing the service to maintain leadership also this year.

TREASURY AND FINANCIAL SERVICES

The Parent Company ICBPI, which at the end of 2011 and in March 2012 benefited from the ECB's liquidity injections by LTRO (Long Term Refinancing Operations), has opted for the advanced payment of said amount in the months of January and February.

In the context of cash management regarding euro/foreign liquidity, the Treasury and Financial Service operated with the aim of containing operating risks.

The supporting role to the various Group structures has been strengthened through reverse-repo transactions with customers of the Securities Services Department, and funding activities of Group Companies operating in the e-money sector has continued.

Lending was made in the short term, from one to four months, in order to guarantee a constant balance between cash inflows and outflows through the dynamic management of cash flows.

In addition to this, ICBPI's business of deposit and investment on the interbank deposit market, which saw the Parent Company intermediate a monthly average of Euro 5.9 billion, continued as usual, with ICBPI remaining one of the main contributors in terms of volumes traded.

The Available-for-Sale securities portfolio, consisting exclusively of Italian government bonds, was increased by 21.5% in the year by the purchase of securities in the medium-term range (between 2 and 5 years). In addition to ensuring positive payment flows, the current positioning also allowed easier access to liquidity through repo transactions, in the presence of overnight rates close to zero.

The Held-for-Trading portfolio, consisting mainly of Italian government bonds and to a lesser extent of equities and bonds issued by Italian banks, was gradually disposed of during the year.

The Held-to-Maturity portfolio, consisting mainly of securities issued by Italian banks, has a 2-year average maturity and registered steady liquidity returns due to the approaching natural maturity date of securities.

CREDIT

Exposure to Credit Risk is characterised by the particular nature of the Parent Company as a bank whose core business is to offer services to the banking and financial system and to major corporate customers, basically in the area of payment systems and services for the custody, management and settlement of securities.

Consequently, credit supply is closely related to those types of services and is not a business objective as such.

The methods for measuring the credit risk undertaken and the relative control process have a streamlined and simple character because of the limited amount of credit exposure.

The guidelines for credit management are in any case based on the general prudent basis, correct and proper management and compliance with legislative and regulatory provisions currently in force.

Derivative transactions were not used for hedging credit risk.

After the development of the activities in the Depositary Bank sector, there has been increase in the credit lines granted to mutual funds in the context of the provisions included in the Regulations of the Collective Asset Management issued by the Bank of Italy Order dated 8 May 2012 as subsequently amended and supplemented.

Credit line positions are composed as to 58% of credit lines and operational ceilings with brokers subject to the supervisory authorities; as to 26% of credit lines granted to Companies belonging to the ICBPI Group; as to 13% of credit lines granted to UCIs and investment firms (SIM); and as to 3% of credit lines granted to utilities; these items are almost exclusively instrumental credit lines connected to the performance of collection instructions.

DISPOSAL OF THE EQUITY INVESTMENT IN SIA

Near the end of the year, in compliance with a commitment undertaken with the Italian Antitrust Authority in March 2009 regarding the acquisition of control over Si Holding, ICBPI sold the 3.1% equity investment held in SIA S.p.A. to I.C.P. Innovative Casting Products S.p.A., a subsidiary fully owned by Palladio Finanziaria S.p.A.

Dear Shareholders,

FINANCIAL STATEMENT HIGHLIGHTS

The corporate events described above are reflected in the Balance Sheet and Profit & Loss Account figures highlighted below. The comparative data were adjusted for the retrospective application of IAS 19. The resulting impact is described in Part A of the Explanatory Notes.

Balance sheet

The balance sheet figures at 31 December 2013 show "total assets" of Euro 7,056.0 million, compared to Euro 6,871.7 million at 31 December 2012.

In particular, a breakdown of the items that make up total assets shows that:

- **"Financial assets held for trading"** amounted to Euro 10.7 million, compared to Euro 244.1 million at 31 December 2012. The decrease refers to the sale of fixed income securities during the year;
- **"Available-for-sale financial assets"** totalled Euro 2,516.0 million, compared to Euro 1,928.8 million at 31 December 2012. The increase mainly refers to the purchase of government bonds;
- **"Financial assets held to maturity"** totalled Euro 91.9 million, compared to Euro 107.6 million at 31 December 2012, and consist of bank bonds. The change is due to the maturity of securities which were subject to repayment;
- **"Receivables from banks"** totalled Euro 986.7 million, compared to Euro 1,684.6 million in the prior year; The change is mainly due to lower deposits with banks at the end of the reporting period compared to the previous year;
- **"Receivables from customers"** totalled Euro 2,280.8 million, compared to Euro 1,710.6 million in the previous year. The increase is mainly due to a growth in repo transactions;
- **"Equity investments"** totalled Euro 498.9 million, compared to Euro 508.1 million at 31 December 2012. The change in the item reflects both the purchase of another 228,316 shares of Unione Fiduciaria, thus bringing the ICBPI stake to 24%, and the adjustment of the equity investment in Equens SE;
- **"Tangible and intangible assets"** amounted to Euro 156.8 million, compared to Euro163.0 million at 31 December 2012. The decrease is mainly due to amortisation/depreciation at the end of the year,

partly offset by increases in assets, mainly related to the "Pension Funds branch" acquired from OASI S.p.A. on 1 January 2013;

- **"Other assets"** totalled Euro 514.0 million, compared to Euro 524.9 million at 31 December 2012, and include "cash and cash equivalents" (Euro 186.1 million), "tax assets" (Euro 48.9 million), of which prepaid taxes for Euro 30.0 million, and "other assets" (Euro 279.0 million).

As for liability items:

- **"Payables to banks"** totalled Euro 1,415.8 million, compared to Euro 2,319.9 million as at 31 December 2012. The decrease is due to the lower level of deposits in correspondence current accounts and in bank deposits;
- **"Payables to customers"** totalled Euro 4,068.1 million, compared to Euro 3,099.1 million in the previous year. The change mainly refers to the increase in customer deposits deriving from the depositary bank business;
- **"Outstanding securities"** amounted to Euro 10 million, and were made up of the bond loan issued; the figure is unchanged compared to the previous year;
- **"Other liabilities"** totalled Euro 813.8 million, compared to Euro 759.5 million in 2012, broken down into "financial liabilities held for trading" for Euro 7.1 million, "tax liabilities - deferred" for Euro 32.8 million, and "other liabilities" for Euro 773.9 million. The change is due to higher amounts held on suspense accounts at year-end and relating to the execution of payment orders which were then settled in subsequent days;
- **"Employee severance indemnities"** totalled Euro 11.2 million, in line with Euro 11.7 million of the previous year;
- **"Provisions"** totalled Euro 25.3 million, compared to Euro 29.1 million at 31 December 2012. The reduction of this item is mainly related to the release of risk provisions for litigation with an insurance company. The item also includes the utilization of existing funds in connection with the settlement of the relative charges and allocations with respect to contingent liabilities;
- **"Shareholders' equity accounts"** totalled Euro 643.6 million, compared to Euro 566.8 million as at 31 December 2012. This change refers to the increase of reserves by Euro 58.5 million deriving from the profit for the year 2012, the increase of the reserve for available-for-sale financial assets available totalling Euro 18 million, invol-

ving Italian government bonds, and the impact of the retrospective application of the new rules provided under IAS 19 as described in the Explanatory Notes, amounting to Euro 0.4 million.

Profit & Loss Account

ICBPI's results are shown based on the management Profit & Loss Account entries shown below.

The data recorded at 31 December 2013 are compared with the results of the previous year, suitably adjusted for the retrospective application of IAS 19.

As shown in the table below, ICBPI posted an Operating Profit for the year ended 31 December 2013 of Euro 117,754 million, compared to Euro 115,445 million at 31 December 2012 (+2.0%), and posted a Net Profit of Euro 68,185 million, compared to Euro 75,561 million in the previous year.

The economic data for 2012 were reclassified in order to improve the comparability with data for the year 2013.

As for the items that make up **Operating income**, the following is noted:

- **Net commissions and revenues from services** totalled Euro 127,099 million, compared to Euro 108,764 million at 31 December 2012 (+16.9%); the increase with respect to the previous year mainly refers to the business as depositary bank for the Arca Funds which in 2012 provided revenue only in the second half;
- **Interest income** amounted to Euro 86.318 million, compared to Euro 98.955 million at 31 December 2012 (-12.8%). In more detail, the contribution to interest income comes from the payment systems segment (Euro 2.893 million), the contribution of banks and customers' equity (Euro 30.626 million) and the securities portfolio (Euro 52.799 million);
- Income from securities and foreign exchange transactions amounted to a Euro 3.844 million profit, compared to Euro 9.042 million in the previous year. The reported result includes exchange gains of Euro 0.440 million;
- Dividends and other income amounted to Euro 50.854 million, compared to Euro 49.370 million at 31 December 2012 (+3.0%).

As for the items that make up **Operating costs**, the following is noted:

- Payroll and related costs amounted to Euro 67.751 million, compared to Euro 62.050 million at December 2012 (+9.2%). The increase compared to the same period in the previous year is related to the change in scope resulting from extraordinary transactions that took place starting from the second half of 2012;
- Production costs amounted to Euro 12.496 million, a drop compared to Euro 12.882 million in the same period of the previous year (-3.0%);
- ICT costs totalled Euro 49.467 million, compared to the Euro 43.030 million posted for the same period of the previous year (+15.0%);
- General expenses amounted to Euro 39.518 million, compared to the Euro 46.717 million posted for the same period of the previous year (-15.4%);
- Adjustments on intangible and tangible assets totalled Euro 4.189 million, compared to Euro 3.619 million at 31 December 2012 (+15.8%);
- Other operating income/expenses amounted to Euro 24.492 million, compared to Euro 25.692 million in the previous year;
- Operating provisions of Euro 1.432 million refer mainly to contingent liabilities, payment of which is deemed probable.

Operating costs thus amounted to Euro 150.361 million, compared to Euro 150.686 million in December 2012 (-0.2%).

These factors led to an **Operating Profit** of Euro 117.754 million, compared to Euro 115.445 million in December 2012 (+2.0%).

Other extraordinary items, recording a loss of Euro 16.921 million, shall be added to the operating profit, and may be broken down as follows:

- impairment of the equity investment in Equens for Euro 12.700 million;
- write-down of the shares of the Fondo Italiano d'Investimenti for Euro 2.887 million;
- capital gain from the sale of the equity investment in SIA/SSB for Euro3.104 million;
- capital gain from the reversal of the write-down of the Alpha equity included in the Held-to-Maturity portfolio for Euro 0.634 million;

- amortization of the Depositary Bank Customer Contract for Euro 7.517 million;
- release of risk provisions for litigation with an insurance company Euro 2.852 million;
- allocations to provisions for tax risks for Euro 0.500 million;
- income from discounting totalling Euro 0.100 million.

These elements resulted in a **"pre-tax profit"** of Euro 100.833 million that, net of the taxes item of Euro 32.648 million, results in a Net profit of Euro 68.185 million.

The tax item takes into account the corporate income tax (IRES) expected for the year 2013 of Euro 5.044 million.

OUTLOOK

2014 is expected to show economic and financial trends in line with 2013.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Significant events after 2013 year-end have been reported in the relevant section of the Report on Group's operations.

OTHER INFORMATION

It is noted that ICBPI is not subject to management and coordination by another company or body, in accordance with the provisions of articles 2497-sexties and 2497-septies of the Italian Civil Code.

In addition, it is noted that ICBPI did not undertake any research and development activities in 2013.

Dear Shareholders,

ALLOCATION OF NET PROFIT

the financial statements which we submit for your review and approval show a net profit of Euro 68,185,296.00.

The allocation proposal for the net profit for the year has been prepared following a careful assessment of the financial statement items and the bank's equity situation, in compliance with the supervisory requirements regarding the need and opportunity to allocate an appropriate portion of the distributable profits to enhancing equity.

We therefore propose the allocation to shareholders of a dividend per share of Euro 1.20 for all shares, totalling 14,185,790, and consequently to distribute the profit for the year as follows:

- to the Reserve available for use	€ 51,162,348.00
- dividend to be allocated to shareholders	€ 17,022,948.00
Total	**€ 68,185,296.00**

Milan, 28 February 2014

THE BOARD OF DIRECTORS

Financial Statements
at 31 December 2013

BALANCE SHEET

ASSETS		31/12/2013		31/12/2012	
10.	**Cash and cash equivalents**		186,085,294		181,076,702
20.	**Financial assets held for trading**		10,660,225		244,070,488
40.	**Available-for-sale financial assets**		2,516,014,979		1,928,783,373
50.	**Financial assets held to maturity**		91,861,290		107,597,332
60.	**Receivables from banks**		986,840,889		1,684,583,010
70.	**Receivables from customers**		2,280,855,247		1,710,592,032
100.	**Equity investments**		498,913,447		508,109,764
110.	**Tangible assets**		81,918,802		83,504,174
120.	**Intangible assets**		74,928,445		79,520,727
	goodwill	14,941,150		14,941,150	
130.	**Tax assets**		48,898,723		36,990,853
	a) current	18,854,949		-	
	b) prepaid	30,043,774		36,990,853	
150.	**Other assets**		279,003,077		306,841,544
	Total assets		7,055,980,418		6,871,669,999

(Euro)

	LIABILITIES	31/12/2013		31/12/2012		
10.	**Payables to banks**		1,415,774,764		2,319,906,646	
20.	**Payables to customers**		4,068,136,493		3,099,103,068	
30.	**Outstanding securities**		10,025,108		10,018,486	
40.	**Financial liabilities held for trading**		7,137,829		29,049,586	
80.	**Tax liabilities**		32,792,108		40,608,634	
	a) current	-		14,981,124		
	b) deferred	32,792,108		25,627,510		
100.	**Other liabilities**		773,879,777		689,842,570	
110.	**Employee severance indemnities**		11,185,020		11,658,492	
120.	**Provisions for risks and charges**		25,303,513		29,116,921	
	a) pensions and similar obligations	1,038,233		1,178,415		
	b) other provisions	24,265,280		27,938,506		
130.	**Valuation reserves**		76,823,931		58,606,069	(*)
160.	**Reserves**		375,969,233		317,431,182	(*)
170.	**Share premium**		148,242,172		148,242,172	
180.	**Share capital**		42,557,370		42,557,370	
190.	**Treasury shares (-)**		-32,196		-32,196	
200.	**Profit (loss) for the year (+/-)**		68,185,296		75,560,999	(*)
	Total liabilities and shareholders' equity		7,055,980,418		6,871,669,999	

(Euro)

(*) Data adjusted for retrospective application of IAS 19. The consequent impact is shown in part A of the Explanatory Notes.

PROFIT & LOSS ACCOUNT

INCOME STATEMENTS		31/12/2013	31/12/2012	
10.	**Interest receivable and similar income**	**92,796,751**	**113,693,500**	
20.	**Interest payable and similar charges**	**-6,479,145**	**-14,738,780**	
30.	**Interest income**	**86,317,606**	**98,954,720**	
40.	**Commission income**	**119,097,126**	**101,910,490**	
50.	**Commission expense**	**-39,388,716**	**-35,872,838**	
60.	**Net commission income**	**79,708,410**	**66,037,652**	
70.	**Dividends and similar income**	**50,888,081**	**49,377,247**	
80.	**Net trading result**	**3,827,639**	**15,354,835**	
100.	**Profit (loss) on disposal or buy-back of:**	**3,738,638**	**115,446**	
	b) available-for-sale financial assets	3,104,472	115,446	
	c) financial assets held to maturity	634,166	-	
120.	**Net banking income**	**224,480,374**	**229,839,900**	
130.	**Net adjustments due to impairment of:**	**-3,083,221**	**-4,210,216**	
	a) receivables	-	-256,929	
	b) available-for-sale financial assets	-2,895,095	-3,953,287	
	d) other financial transactions	- 188,126	-	
140.	**Net result from financial operations**	**221,397,153**	**225,629,684**	
150.	**Administrative expenses:**	**-166,394,511**	**-163,308,322**	
	a) payroll and related costs	-68,011,331	-61,770,754	(*)
	b) other administrative expenses	-98,383,180	-101,537,568	
160.	**Net allocations to provisions for risks and charges**	**239,828**	**-9,622,574**	
170.	**Net adjustments to tangible assets**	**-2,287,919**	**-2,304,111**	
180.	**Net adjustments to intangible assets**	**-9,418,266**	**-10,845,817**	
190.	**Other operating expenses/income**	**69,997,061**	**68,297,166**	
200.	**Operating costs**	**-107,863,807**	**-117,783,658**	
210.	**Profit (loss) from equity investments**	**-12,700,000**	**-8,106,420**	
240.	**Profit (loss) from divestments**	**-523**	**3,735**	
250.	**Profit (loss) from current operations before taxes**	**100,832,823**	**99,743,341**	
260.	**Income taxes from current operations**	**-32,647,527**	**-24,182,342**	(*)
270.	**Profit (loss) from current operations after taxes**	**68,185,296**	**75,560,999**	(*)
290.	**Profit (loss) for the year**	**68,185,296**	**75,560,999**	

(Euro)

(*) Data adjusted for retrospective application of IAS 19. The consequent impact is shown in part A of the Explanatory Notes.

Company Boards

at 9 May 2014

BOARD OF DIRECTORS

Chairman:	Giovanni De Censi	
Deputy Chairman:	Ettore Caselli	
Chief Executive Officer:	Giuseppe Capponcelli	
Directors:	Cesare Albani Castelbarco Visconti	Adriano Cauduro
	Vincenzo Consoli	Eugenio Garavini
	Dino Piero Mario Giarda	Divo Gronchi
	Miro Fiordi	Rossella Leidi
	Carlo Napoleoni	Giuseppe Paganoni
	Lorenzo Pelizzo	Carlo Prina della Tallia
	Ottavio Rigodanza	Roberto Romanin Jacur

BOARD OF STATUTORY AUDITORS

Chairman:	Giuliano Buffelli	
Standing auditors:	Paolo Francesco Lazzati	Cesare Orienti
Alternate auditors:	Pierluigi Carabelli	Francesca Meneghel

GENERAL MANAGEMENT

General Manager:	Giuseppe Capponcelli
Deputy Vice General Manager:	Pier Paolo Cellerino
Deputy General Manager:	Giovanni Damiani
Deputy General Manager:	Domenico Santececca

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