

HALF-YEARLY REPORTS AND ACCOUNTS AS AT 30 JUNE 2012



**MEDIOCREDITO
INVESTITIONSBANK**
TRENTINO ALTO ADIGE SÜDTIROL

Presented by the Director General
to the Board of Directors
on August 27, 2012

HALF-YEARLY REPORTS AND ACCOUNTS AS AT 30 JUNE 2012

59th ACCOUNTING PERIOD

MEDIOCREDITO TRENTO - ALTO ADIGE – S.P.A.

Fully paid-up capital € 58,484,608
Fiscal code and Register of companies no. Trento 00108470220
Bank register no. 4764
Parent company of Gruppo Bancario Mediocredito Trentino – Alto Adige
Registered with the Banking Group Register

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The English version of the Half-yearly Report is a translation of the Italian text provided for the convenience of international readers. The original document in Italian prevails over any translation.

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HALF-YEARLY REPORT ON OPERATIONS

GENERAL OVERVIEW

In the first quarter of 2012, world economic activity expanded at a moderate pace, held back by stagnation in Europe and the slowing down growth in the United States and emerging economies. In March the economy weakened even further and prospects of recovery have been strongly influenced by the uncertainty of the sovereign debt crisis in the eurozone and the fiscal policy in the United States.

According to projections published by the International Monetary Fund in July, the global growth for 2012 is expected to decline to 3.5% (from 3.9% in 2011), due to a decrease in activity in the eurozone and growth slowdown in the emerging economies.

A state of weak economic activity persists in the eurozone, showing highly heterogeneous trends across countries and also influenced by the restrictive measures adopted by some countries. In the first quarter of the year GDP in the eurozone remained unchanged at the level of the previous period (GDP had declined by 0.3% in the fourth quarter of 2011), but in the second quarter, there was a contraction of 0.2% with a large differentiation between major countries: Germany still in growth, France stable, with Spain and especially Italy down.

The Italian GDP, when compared to the previous year, decreased by 0.8% in the first quarter and by 0.7% in the second quarter, reflecting a decline in household spending and investments which has not been offset by the growth in foreign trade. The most recent estimates for Italy indicate a decreasing trend of 2.5%.

Industrial activity in the first half of 2012 decreased by an average of 0.9% per month from December 2011 (-5.3% in total), also reflecting the effects of seismic events in some areas of Emilia Romagna.

The difference from the pre-crisis peak of activity (in April 2008) has reached 23.4%, while the recovery from the lows of the recession (March 2009) is reduced to 3.5%.

The wide margin of unused capacity and weak demand prospects continued to stifle investment: in the first quarter of 2012, gross fixed capital formation fell by 3.6% over the previous period, amplifying the decline of 2011 (-1.9% for the year with a growing trend). The contraction affected all the main areas, in particular the purchase of means of transport (-12.5%).

Consumer prices are decreasing in the eurozone: in June, the change was +2.4% y/y (it was 2.7% in December 2010): in this context Italy is in contrast, ranking above average (+3.6% y/y compared to 2.9% at the end of 2011).

Focusing on the North-East, on Trentino in early 2012, the manufacturing sector has shown an increase in revenues (+3.5% y/y) mainly due to a growth in exports (+9.6%), with an overall stability of the provincial market and a decline on the national market. The overall positive trend is mainly due to the good performance of large size enterprises, while companies with less than 50 employees seem to be in difficulty. Heavily negative trends are confirmed by the mining and construction sectors, already undergoing a structural crisis, and the retail sector which is affected

by the fall in local demand. Employment levels are substantially stable, although signs of uncertainty come from the decline in orders (-10.7%) compared to the same period in 2011. Earlier this year, the economy in South Tyrol showed a slight increase in terms of production and sales due to a slight increase in the performance of foreign trade in the first quarter of 2012 (+1.2%); down slightly from June are the employment figures which overall are on the rise for the first half of the year.

Most critical is the situation for the first half of the year in the Veneto region: the turnover of the industry sector showed an overall decline of -5.1% on an annual basis; the decline in sales has affected mostly small and medium-sized enterprises rather than large ones. The negative trend as a whole is related to a marked decline in domestic demand, while foreign demand remains stable. Employment levels are still decreasing slightly (-0.8%).

In Emilia Romagna for the in the first three months of 2012, the industrial sector has shown a decline both in production (-3.5%) and sales (-3%). The drop in production applies to enterprises of all sizes: at sector level the major difficulties concern companies associated with wood and fashion. Exports increased by 1.7%. Employment continues to show positive trends.

In Lombardy in the first half of 2012, industrial production and turnover showed an economic fall equal to -1.7% and -2.3% with foreign sales remaining stable. Businesses of all sizes have experienced a loss, although of varying intensity: in this region like others, larger companies have suffered less than smaller ones. From a sector based point of view, the food and chemical industries showed lower negative trend changes, textiles and clothing, non-metallic minerals and transport have instead had double-digit declines.

As for banking indicators, in Italy the general dynamics of lending to the private sector stood at +0.19% in June 2012.

In particular, loans to households and non-financial companies showed an annual change of -0.64% (+1% in April 2012): when one considers the breakdown by loan term, it is noted that the segment of medium and long-term (over one year) has marked an annual change of -0.3% (+0.2% in April 2012), while the short-term (up to one year) marked a change of -1.54% (+3.3% in April 2012).

By the end of May 2012, the dynamics of loans to non-financial corporations was -1.2% (+0.6% in the previous month, +5.4% a year earlier).

Regarding the trend of interest rates on loans, the upward trend that started in the summer of 2010 has ceased: for new transactions the average rate applied to companies in June 2012 equals 3.42% (it was 4.06% in January). Overall rates are also in contraction on outstanding amounts which reached 3.99% in June from 4.23% in January.

With regard to bank funding in Italy, dynamics for May 2012 reveal a decrease by 0.72% in funding from existing customers (it was +0.85% at the end of 2011): considering the dynamics of obtaining funding from different sources, there has been a noted growth in deposits made by existing customers of 1.68% and a strong decline in bonds (-5.03%).

There have been particularly worrying developments in the financial markets that started in the second quarter, due to the crisis of public accounts for some eurozone countries: the spread between the yield on government bonds in peripheral countries and their German equivalent has widened.

In January Standard & Poor again downgraded Italy's economic outlook rating by two notches to BBB+, followed in July by ratings agency Moody's which downgraded Italy's government bond rating by two notches to Baa2. The parallel significant increase in the yield on government bonds has further slowed the issuing of bank bonds, making wholesale funding inaccessible to Italian banks with a clear impact on the cost of borrowing for banks.

During the first half of the year, the quality of bank assets further deteriorated: the number of gross doubtful loans in May increased by about 15% on an annual basis; in relation to total loans, doubtful loans amounted to 5.60% against the 4.90% in May 2011, with levels significantly more pronounced when referring only to non-financial companies.

With regard to the market of extraordinary financing, after a strong decline that started in 2009 and a negative record in 2010 for M&A's transactions, 2011 had shown moderate signs of recovery. Based on KPMG's periodic surveys, the first half of 2012 confirms the negative trends of the last months of 2011: with only €5.2bn in transactions (compared to €14.7bn in the first half of last year), the M&A's market in Italy scored a new record low. Volumes remain substantially unchanged, with 129 transactions compared to 126 in the same period last year (+2%).¹

The overall market of project finance continues to be positive, although in the renewable energy sector the attenuation of incentives led to a reduction of new investments and a greater diversification of technologies used.

¹ Data by KPMG Corporate Finance, June 2012

MEDIOCREDITO IN THE FIRST SIX MONTHS OF 2012

In the context of an increasingly problematic environment, the first half of 2011 saw the completion of some of the main activities outlined in our Business Plan: the Bank was authorised by the Bank of Italy to practice to public services and investment activities with the aim of reviving the retail fund supply channel and to start operating in the area of derivatives (this last activity actually started at the beginning of the second half of the year).

Regarding the aim of contributing to the strengthening of the competitiveness of enterprises, there has been an increase in activities with SACE in support of firms that export. Additionally important is the development of synergies with public shareholders, particularly in the sector of extraordinary finance, with the development and conclusion of agreements for the financing of energy upgrades on properties belonging to public bodies.

In this period planned investments on the technical structure of the Bank were also brought to fruition with the completion of the renovation work on the bank's headquarters, the relocation of the Treviso branch to a new and more suitable premises owned by the bank and the total renewal of the internal Information System to the highest technological standards.

From a commercial perspective, despite the sharp deterioration in the economic situation, the financing activities show an increase in the volumes of new loans granted and a significant rise in the level of disbursements compared to the first half of 2011; the investment banking business has increased its income from services and consultancy, particularly in the segment of corporate finance, still driven by the alternative energy sector.

In the first half of the year there were very significant funding activities that focused on the issue of bonds guaranteed by the State and bonds placed on local institutions, also under the EMTN program. This has allowed the bank to significantly participate in the Long Term Refinancing Operations by the ECB, ensuring a good supply of new funding in the medium-term and a significant increase in the reserves of eligible securities.

With reference to loan risks in the general framework of continued deterioration in the quality of credit assets, the portfolio of the Bank continues to show an increase in non-performing loans, particularly in the category of doubtful loans which are below the average of the system, although the new worsening economic indices leaves no hope for a short-term quick recovery to the previous levels of stocks and the cost of credit.

From an economic perspective the first half of 2012 still shows an increase in revenues compared to the first half of 2011, driven by a significant growth in income from services; taking into consideration the operating expenses kept under control, the cost of risk still in line with the first half of 2011 and an increased tax burden for the half-year net profit still results, stable with respect to levels for the comparison period.

COMPANY'S PERFORMANCE

LENDING OPERATIONS

Outline of financing activities (thousands of Euro)

| Activities surveyed | | First half of 2012 | First half of 2011 | Change % |
|-----------------------------|--------|--------------------|--------------------|----------|
| Applications granted | number | 135 | 168 | -19.6 |
| | value | 164,783 | 143,195 | +15.1 |
| Disbursements | | 121,127 | 80,727 | +50.0 |
| | | 30 Jun 2012 | 31 Dec 2011 | Change % |
| Total lending | | 1,409,639 | 1,369,176 | +3.0 |
| - loans to banks | | 45,425 | 26,681 | +70.3 |
| - loans to customers | | 1,364,214 | 1,342,495 | +1.6 |

Credit granted

The credit granted during the first half of 2012 reached €164.8m: the remarkable rise of these volumes compared to the results for the first half of the previous year is due mainly to the loans granted as part of the support given to the real economy undertaken by the Autonomous Province of Trento, through its functional companies, for a total of €40 million euros.

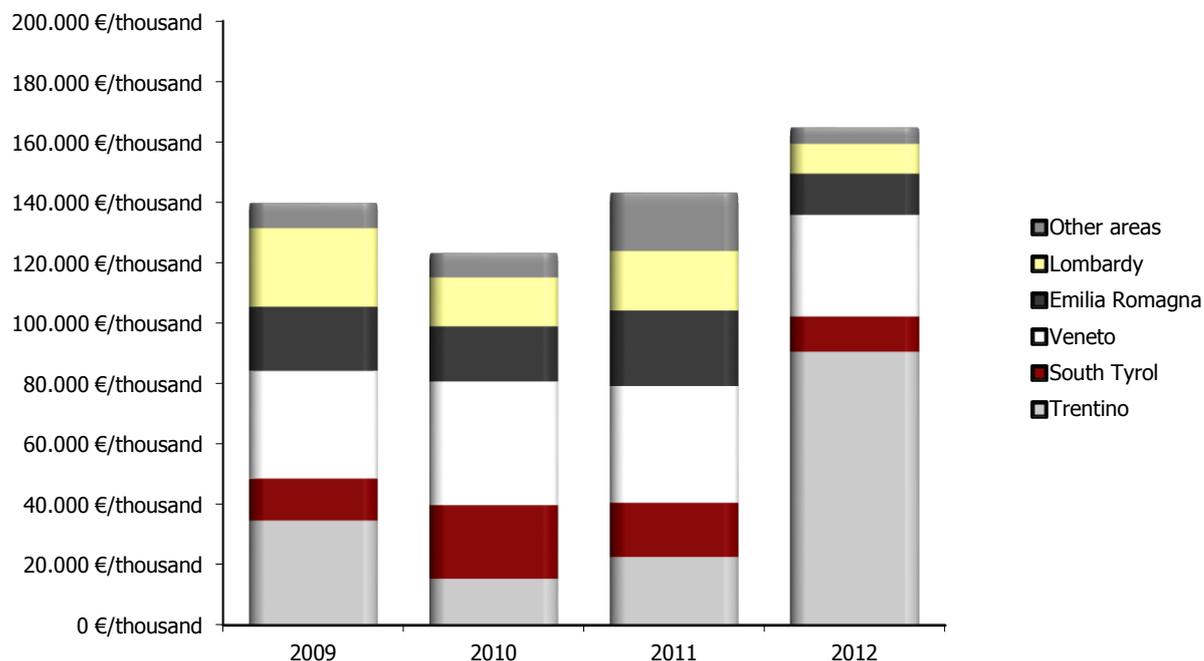
This increase, combined with the decrease in the number of loans, has led to an increase in the average amount granted (from €0.9m to €1.2m).

Breakdown of credit granted by area (thousands of Euro)

| | First half of 2012 | % | First half of 2011 | % | Change | %Chg |
|-----------------------|--------------------|--------------|--------------------|--------------|----------------|--------------|
| Trentino | 90,450 | 54.9 | 22,565 | 15.8 | +67,885 | +300.8 |
| South Tyrol | 11,676 | 7.1 | 17,884 | 12.5 | -6,208 | -34.7 |
| Veneto | 33,687 | 20.4 | 38,691 | 27.0 | -5,004 | -12.9 |
| Emilia Romagna | 13,635 | 8.3 | 25,013 | 17.5 | -11,378 | -45.5 |
| Lombardy | 9,990 | 6.1 | 19,698 | 13.8 | -9,708 | -49.3 |
| Other areas | 5,345 | 3.2 | 19,344 | 13.5 | -13,999 | -72.4 |
| Total | 164,783 | 100.0 | 143,195 | 100.0 | +21,588 | +15.1 |

Thanks to the operations outlined above, in the first half of 2012 credit granted was mainly concentrated within the Province of Trento (54.9%; +€67.9m); second was the Veneto region (20.4%; -€5.0m), in Emilia Romagna (8.3%; -€11.4m), in South Tyrol (7.1%; -€6.2m), in Lombardy (6.1%; -€9.7m) and finally in the other areas of operation of the bank (3.2%; -€14.0€). The more pronounced slow down is in the Emilia Romagna region and other areas.

Trend of credit granted by area 2009-2012



An analysis of the Bank's customers broken down by economic activity shows a noticeable increase in loans to public bodies (+€23.3m) and to financial companies/banks (+€23.0m), both increased by the abovementioned operations, while loans to non-financial corporations reduce by €24.7m (-18.4%): although there is an increase in the manufacturing and agricultural sector.

The increase in these sectors balances out the decrease recorded in the other services sector (-€14.9m), the energy sector (-€16.2m) – linked to the attenuations of public incentives- and in the sectors linked to the building industry (-€6.1m).

Breakdown of applications granted by counterparty and economic sector (thousands of Euro)

| | First half of 2012 | % | First half of 2011 | % | Change | %Chg |
|---|--------------------|--------------|--------------------|--------------|----------------|-----------------|
| Non-financial corporations | 109,710 | 66.6 | 134,399 | 93.9 | -24,689 | -18.4 |
| Mining/manufacturing | 53,769 | 32.6 | 49,994 | 34.9 | +3,775 | +7.5 |
| Agriculture | 15,073 | 9.1 | 6,577 | 4.6 | +8,496 | +129.2 |
| Real estate | 8,053 | 4.9 | 13,565 | 9.5 | -5,512 | -40.6 |
| Construction | 7,600 | 4.6 | 8,190 | 5.7 | -590 | -7.2 |
| Market services | 7,412 | 4.5 | 8,114 | 5.7 | -702 | -8.7 |
| Energy | 6,600 | 4.0 | 22,806 | 15.9 | -16,206 | -71.1 |
| Other services | 5,150 | 3.1 | 20,079 | 14.0 | -14,929 | -74.4 |
| Hospitality | 3,038 | 1.8 | 2,541 | 1.8 | +497 | +19.6 |
| Transport services | 3,015 | 1.8 | 2,533 | 1.8 | +482 | +19.0 |
| Government Agencies, families and others | 30,073 | 18.2 | 6,795 | 4.7 | +23,278 | +342.6 |
| Financial corporations and banks | 25,000 | 15.2 | 2,000 | 1.4 | +23,000 | +1,150.0 |
| Total | 164,783 | 100.0 | 143,195 | 100.0 | +21,588 | +15.1 |

Credit disbursed

Disbursements came to €121.1m over the first six months of the year: in this case the increase (+€40.4m) is due to the abovementioned operations, which when considering the breakdown by geographical area make up for the increase in the Trentino region (+€43.2m).

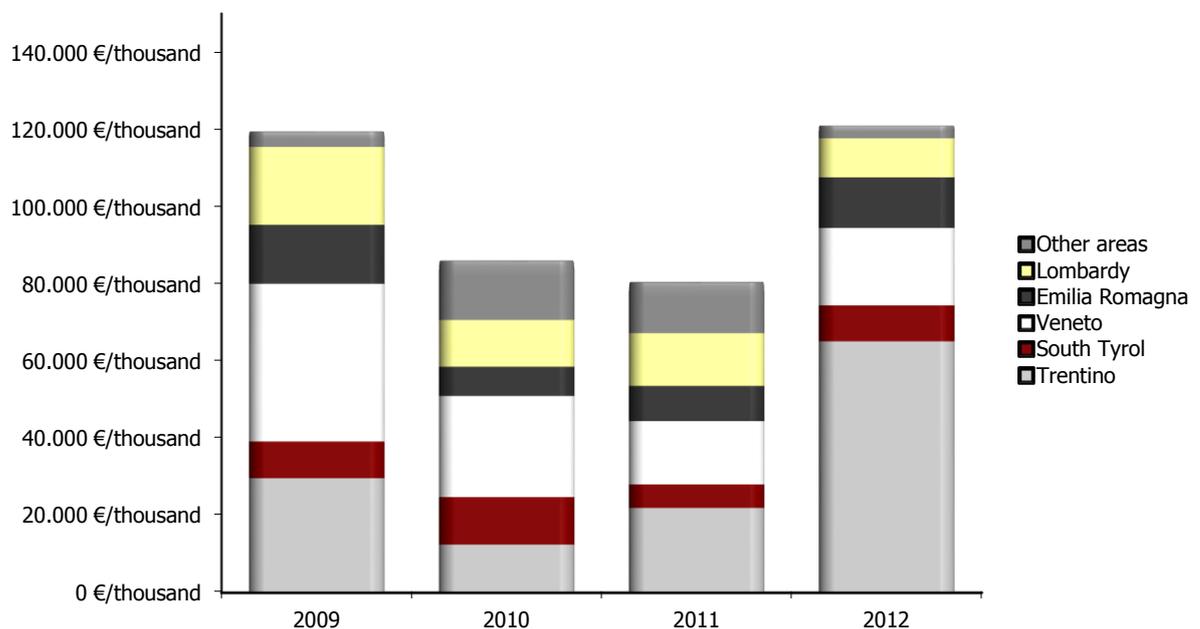
There are increases in the credit disbursed in Emilia Romagna (+€4.0m), in South Tyrol (+€3.2m) and in the Veneto region (+€3.5m).

Credit disbursed in Lombardy (-€3.5m) and in the other areas of operations of the bank (-€10m) are down.

Breakdown of disbursements by area (thousands of Euro)

| | First half of 2012 | % | First half of 2011 | % | Change | %Chg |
|-----------------------|--------------------|--------------|--------------------|--------------|----------------|--------------|
| Trentino | 65,379 | 54.0 | 22,188 | 27.5 | +43,191 | +194.7 |
| South Tyrol | 9,282 | 7.7 | 6,103 | 7.6 | +3,179 | +52.1 |
| Veneto | 19,997 | 16.5 | 16,505 | 20.4 | +3,492 | +21.2 |
| Emilia Romagna | 13,099 | 10.8 | 9,089 | 11.3 | +4,010 | +44.1 |
| Lombardy | 10,086 | 8.3 | 13,572 | 16.8 | -3,486 | -25.7 |
| Other Areas | 3,284 | 2.7 | 13,271 | 16.4 | -9,987 | -75.3 |
| Total | 121,127 | 100.0 | 80,727 | 100.0 | +40,400 | +50.0 |

Trend of credit disbursed by area 2009-2012



Sector analysis shows that what has been said for credit granted applies also to credit disbursed to government agencies and financial corporations/banks.

For non-financial corporations, disbursement to companies have reduced by €2.4m when compared with the same period in the previous year. In detail, the slow down is mainly due to the construction sector (-€3.9m) and energy sector (-€1.4m) and it is partially balanced by the increase in the other services (+€2.8m) and market services (+€1m).

Breakdown of disbursements by counterparty and sector of economic activity (thousands of Euro)

| | First half of 2012 | % | First half of 2011 | % | Change | %Chg |
|---|-------------------------------|--------------|-------------------------------|--------------|----------------|---------------|
| Non-financial corporations | 73,517 | 60.7 | 75,925 | 94.1 | -2,408 | -3.2 |
| Mining/manufacturing | 27,914 | 23.0 | 28,314 | 35.1 | -400 | -1.4 |
| Energy | 11,667 | 9.6 | 13,074 | 16.2 | -1,407 | -10.8 |
| Agriculture | 9,672 | 8.0 | 9,692 | 12.0 | -20 | -0.2 |
| Market services | 8,212 | 6.8 | 7,246 | 9.0 | +966 | +13.3 |
| Other services | 5,565 | 4.6 | 2,789 | 3.5 | +2,776 | +99.5 |
| Constructions | 4,650 | 3.8 | 10,666 | 13.2 | -6,016 | -56.4 |
| Real estate | 3,759 | 3.1 | 1,685 | 2.1 | +2,074 | +123.1 |
| Hospitality | 1,900 | 1.6 | 2,258 | 2.8 | -358 | -15.9 |
| Transport services | 178 | 0.1 | 200 | 0.2 | -22 | -11.2 |
| Government Agencies, families and others | 22,610 | 18.7 | 4,802 | 5.9 | +17,808 | +370.9 |
| Financial corporations and banks | 25,000 | 20.6 | - | 0.0 | +25,000 | |
| Total | 121,127 | 100.0 | 80,727 | 100.0 | +40,400 | +50.0 |

A sharp improvement was recorded for operations in synergy with the system of co-operative banks: considering, in addition to applications submitted directly by individual banks, the participation in syndicated loans linked to them or in which they are involved, the percentage of disbursements amounted to 51.1% of the total, against 39.8% of 2011, with a considerable improvement linked to the abovementioned operations in Trentino.

Loans and advances

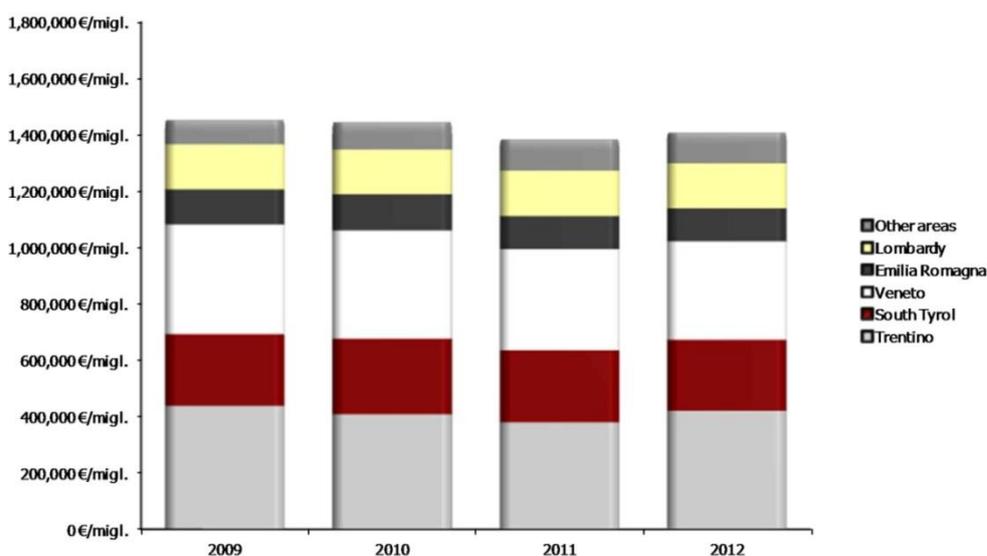
Overall amounts of loans and advances (to customers and banks) have risen by 3.1% (+€44.0m) in comparison to 31st December 2011, limited to 1.7% when considering typical loans alone. This phenomenon reverses the usual trend that, in recent years saw loans and advances experiencing an inevitable decline in the first half of each year.

The breakdown of the credit by geographical areas shows an increase in the province of Trento (+€41m, +10.8%), which has totally balanced out the widespread decreases in the other operational areas of the bank: Veneto -2.8%, South Tyrol -1.4%, Lombardy -1.2%, Other Areas -1.0% and Emilia Romagna -0.2%.

Breakdown of gross typical loans and advances² by area (thousands of Euro)

| | 30 Jun 2012 | % | 31 Dec 2011 | % | Chg. | Chg. % |
|--|------------------|--------------|------------------|--------------|----------------|-------------|
| Trentino | 420,477 | 29.9 | 379,340 | 27.4 | +41,137 | +10.8 |
| South Tyrol | 252,364 | 17.9 | 255,876 | 18.5 | -3,512 | -1.4 |
| Veneto | 349,643 | 24.8 | 359,747 | 26.0 | -10,104 | -2.8 |
| Emilia Romagna | 116,551 | 8.3 | 116,801 | 8.4 | -250 | -0.2 |
| Lombardy | 159,640 | 11.3 | 161,580 | 11.7 | -1,940 | -1.2 |
| Other areas | 109,423 | 7.8 | 110,567 | 8.0 | -1,144 | -1.0 |
| Total typical loans and advances | 1,408,098 | 100.0 | 1,383,911 | 100.0 | +24,187 | +1.7 |
| <i>Current account and bank deposits³</i> | 43,850 | | 24,105 | | +19,745 | +81.9 |
| <i>Contributions and other adjustments</i> | 155 | | 102 | | +53 | +52.0 |
| Total loans and advances | 1,452,103 | | 1,408,118 | | +43,985 | +3.1 |

Trend of gross typical loans by area 2009-2012

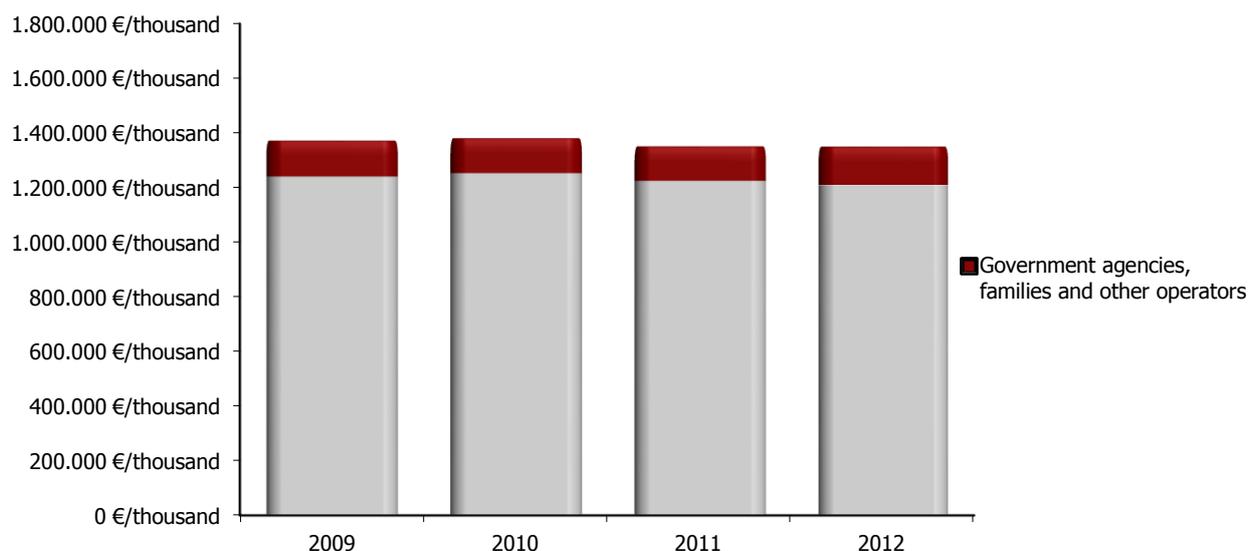


² Tables show overall amounts of lending gross of write-downs but net of current accounts and bank deposits and also of contributions stemming from laws providing for facilitated credit.

³ Data includes €3,464 thousand in 2012 and €2,473 thousand in 2011 to the SPV in relation to a securitisation transaction.

As emphasised for credit granted and disbursed, when considering a breakdown by sector the increase is mainly concentrated on loans to government agencies and financial corporations/banks (+€15.8m e +€24.6m respectively). In contrast, loans to non-financial corporations settled to €1.209m against €1.225m at the end of 2011: the contraction spread across all sectors with the exception of market services and energy (+€2.2m and +€7.9m) – and in particular to the manufacturing sector (-€9.5m) and building industry (real estate and construction -€8.7m in total).

Trend of gross typical loans to non-financial corporations, government agencies, families and other operators 2009-2012



Breakdown of typical loans by counterparty and sector of economic activity (thousands of Euro)

| | Jun 2012 | % | Dec 2011 | % | Chg. | Chg. % |
|---|------------------|--------------|------------------|--------------|----------------|--------------|
| Non-financial corporations | 1,208,518 | 85.8 | 1,224,716 | 88.5 | -16,198 | -1.3 |
| Mining/manufacturing | 340,018 | 24.1 | 349,543 | 25.3 | -9,525 | -2.7 |
| Real estate | 140,754 | 10.0 | 145,543 | 10.5 | -4,789 | -3.3 |
| Agriculture | 140,373 | 10.0 | 142,838 | 10.3 | -2,465 | -1.7 |
| Construction | 124,163 | 8.8 | 128,119 | 9.3 | -3,956 | -3.1 |
| Hospitality | 108,223 | 7.7 | 110,108 | 8.0 | -1,885 | -1.7 |
| Market services | 106,704 | 7.6 | 104,483 | 7.5 | +2,221 | +2.1 |
| Other services | 100,216 | 7.1 | 101,559 | 7.3 | -1,343 | -1.3 |
| Energy | 97,193 | 6.9 | 89,318 | 6.5 | +7,875 | +8.8 |
| Transport services | 50,874 | 3.6 | 53,205 | 3.8 | -2,331 | -4.4 |
| Government Agencies, families and others | 141,625 | 10.1 | 125,867 | 9.1 | +15,758 | +12.5 |
| Financial corporations and banks | 57,955 | 4.1 | 33,328 | 2.4 | +24,627 | +73.9 |
| Total | 1,408,098 | 100.0 | 1,383,911 | 100.0 | +24,187 | +1.7 |

Performing loans

The trend of performing loans (to customers and banks) reflects the trend that we have already illustrated in relation to overall loans and advances, but it varies for typical loans (-0.8%) due to the increase in impaired loans which will be described in the following paragraphs.

The percentage of credit distributed by geographical areas shows an increase in the financing of regional initiatives (51.5% against 48.5% in December 2011). The Veneto region shows a contraction of €19m, accounting for a change from 24.7% to 23.4% of the total portfolio of performing loans, as does Lombardy (-€11.5mi), while the remaining areas show a much less significant change.

Breakdown of gross typical performing loans⁴ by area (thousands of Euro)

| | 30 Jun 2012 | % | 31 Dec 2011 | % | Chg. | Chg. % |
|---|------------------|--------------|------------------|--------------|----------------|-------------|
| Trentino | 387,985 | 31.4 | 352,328 | 28.3 | +35,657 | +10.1 |
| South Tyrol | 248,165 | 20.1 | 251,945 | 20.2 | -3,780 | -1.5 |
| Veneto | 288,957 | 23.4 | 307,752 | 24.7 | -18,795 | -6.1 |
| Emilia Romagna | 96,860 | 7.8 | 101,494 | 8.1 | -4,635 | -4.6 |
| Lombardy | 127,637 | 10.3 | 139,156 | 11.2 | -11,519 | -8.3 |
| Other areas | 86,693 | 7.0 | 93,969 | 7.5 | -7,276 | -7.7 |
| Total typical loans | 1,236,297 | 100.0 | 1,246,644 | 100.0 | -10,347 | -0.8 |
| <i>Current accounts and bank deposits⁵</i> | 43,850 | | 24,105 | | +19,745 | +81.9 |
| <i>Contributions and other adjustments</i> | 155 | | 102 | | +53 | +52.0 |
| Total performing loans | 1,280,301 | | 1,270,851 | | +9,450 | +0.7 |

The breakdown of typical performing loans by sector of economic activity shows trends similar to those that we have already illustrated in relation to the portfolio of loans as a whole.

Breakdown of typical performing loans by counterparty and sector of economic activity (thousands of Euro)

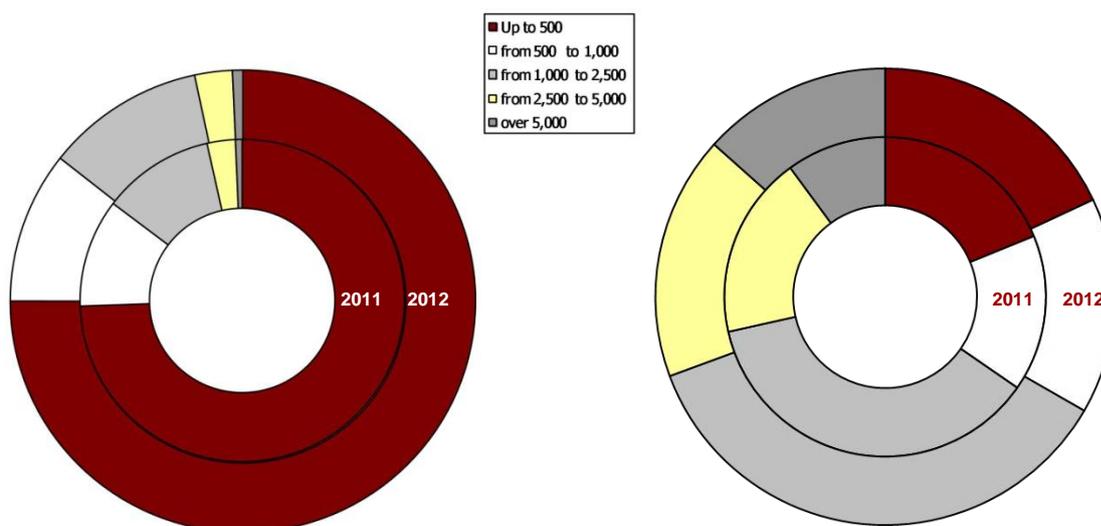
| | Jun 2012 | % | Dec 2011 | % | Chg. | Chg. % |
|---|------------------|--------------|------------------|--------------|----------------|--------------|
| Non-financial corporations | 1,044,581 | 84.5 | 1,095,561 | 87.9 | -50,980 | -4.7 |
| Mining/manufacturing | 289,607 | 23.4 | 304,013 | 24.4 | -14,406 | -4.7 |
| Agriculture | 131,413 | 10.6 | 135,076 | 10.8 | -3,663 | -2.7 |
| Real estate | 113,385 | 9.2 | 127,409 | 10.2 | -14,024 | -11.0 |
| Energy | 95,378 | 7.7 | 89,263 | 7.2 | +6,115 | +6.9 |
| Hospitality | 94,490 | 7.6 | 103,745 | 8.3 | -9,255 | -8.9 |
| Market services | 94,267 | 7.6 | 92,624 | 7.4 | +1,643 | +1.8 |
| Other services | 91,197 | 7.4 | 93,413 | 7.5 | -2,216 | -2.4 |
| Constructions | 85,938 | 7.0 | 98,299 | 7.9 | -12,361 | -12.6 |
| Transport services | 48,905 | 4.0 | 51,719 | 4.1 | -2,814 | -5.4 |
| Government Agencies, families and others | 139,173 | 11.3 | 123,421 | 9.9 | +15,752 | +12.8 |
| Financial corporations and banks | 52,542 | 4.2 | 27,662 | 2.2 | +24,880 | +89.9 |
| Total | 1,236,297 | 100.0 | 1,246,644 | 100.0 | -10,347 | -0.8 |

⁴ Tables show overall amounts of lending gross of write-downs but net of current accounts and bank deposits and also of contributions stemming from laws providing for facilitated credit.

⁵ Data for 2012 includes €3,464 thousand and data for 2011 includes €2,473 thousand to the SPV in relation to a securitisation transaction.

Breakdown of typical performing loans by classes of amount (thousands of Euro)

| | No. customers | Amount | % customers | % amount | Average amount |
|---------------------|----------------------|------------------|--------------------|-----------------|-----------------------|
| Up to 500 | 1,867 | 222,724 | 75.0 | 18.0 | 119.3 |
| from 500 to 1,000 | 264 | 189,135 | 10.6 | 15.3 | 716.4 |
| from 1,000 to 2,500 | 275 | 445,534 | 11.0 | 36.0 | 1,620.1 |
| from 2,500 to 5,000 | 65 | 213,662 | 2.6 | 17.3 | 3,287.1 |
| over 5,000 | 18 | 165,242 | 0.7 | 13.4 | 9,180.1 |
| Total | 2,489 | 1,236,297 | 100.0 | 100.0 | 496.7 |



All concentration indexes for the performing loans show higher results than the ones registered in 2011 due to the previously mentioned operations with companies linked to the local public administration.

We highlight the following:

- The overall amount of transactions with borrowers with an overall exposure exceeding €2.5m equals 30.7% of the total, up against the values recorded at the end of 2011 (28.6%) and near the value recorded at the end of 2010 (30.5%);
- The average amount for performing loans increased from €489 thousand to €497 thousand;
- The incidence on the highest value transactions on the total is up with the top transaction alone representing 1.8% (it was 0.7%), the top twenty transactions 9.7% (it was 8.1%) and the top one hundred 25.0% (it was 24.2%).

Typical gross performing loans: breakdown by major exposures (thousands of Euro)

| | Jun 2012 | % | Dec 2011 | % |
|----------------------|-----------------|----------|-----------------|----------|
| Top transaction | 25,182 | 1.8 | 8,821 | 0.7 |
| Top 20 transactions | 136,823 | 9.7 | 100,409 | 8.1 |
| Top 100 transactions | 352,380 | 25.0 | 301,086 | 24.2 |

With regard to risk concentration by individual borrowers the performing loans portfolio shows that:

- overall exposure to the top borrower, who also represents the top group of debtors, is up from 1.5% of the total to 2.0%;
- overall exposure to the top 20 borrowers is up against 2011 (14.2%) and the same is true for the overall exposure of to the top 100 borrowers (34.0%);
- overall exposure to the top 20 groups is equal to 15.6% of the total (12.0% at the end of 2011) and to the top 100 groups is equal to 37.2% (33.2% at the end of 2011).

Typical gross performing loans: breakdown by top borrowers (thousands of Euros)

| | Jun 2012 | % | Dec 2011 | % |
|-------------------|-----------------|----------|-----------------|----------|
| Top borrower | 25,182 | 2.0 | 18,374 | 1.5 |
| top 20 borrowers | 175,041 | 14.2 | 139,436 | 11.2 |
| top 100 borrowers | 420,135 | 34.0 | 382,435 | 30.7 |

Typical gross performing loans: breakdown by top groups of borrowers (thousands of Euros)

| | Jun 2012 | % | Dec 2011 | % |
|-----------------------------|-----------------|----------|-----------------|----------|
| Top group of borrowers | 41,315 | 3.3 | 18,374 | 1.5 |
| top 20 groups of borrowers | 192,559 | 15.6 | 148,937 | 12.0 |
| top 100 groups of borrowers | 459,530 | 37.2 | 413,957 | 33.2 |

It is worth noting that the exposure to the top group of borrowers refers to the system operations mentioned previously on behalf of a group of public entities rated higher than the Italian State by some notches.

High risks

With regard to «high risks», in accordance with current legislation, we can report the following situation as at 30 June 2012:

| Counterparty | Nominal | Weighted |
|---------------------|----------------|-----------------|
| Governments | 168,709 | 0 |
| Public bodies | 41,172 | 21,172 |
| Banks | 161,756 | 161,756 |
| Total | 371,637 | 182,928 |

The exposure to banks and governments relates mainly to a total of €309.0m in securities eligible for refinancing with the European Central Bank.

Impaired loans and “country risk”

The overall amount of gross impaired loans has grown by €34.5m (+25.2%), €11.8m of this due to the computation of past due/overdue accounts that are unpaid for more than 90 days. In fact, as from 1 January 2012 the derogation for reporting as loans past due / overdue came to an end, only for positions which are unpaid for more than 180 days.

The remaining growth is due to the net effect of increases in the portfolios of doubtful loans (+€2.4m), overdue / past due 180 days (+€7.8m) and substandard (+€14.0m).

Although mitigated by the increase in total gross loans (+3.1%), the incidence of doubtful loans to the total overall loan portfolio goes from 9.7% at end of 2011 to 11.8%. The figure net of overall adjustments, up by 10.2%, goes from 7.6% to 9.5%.

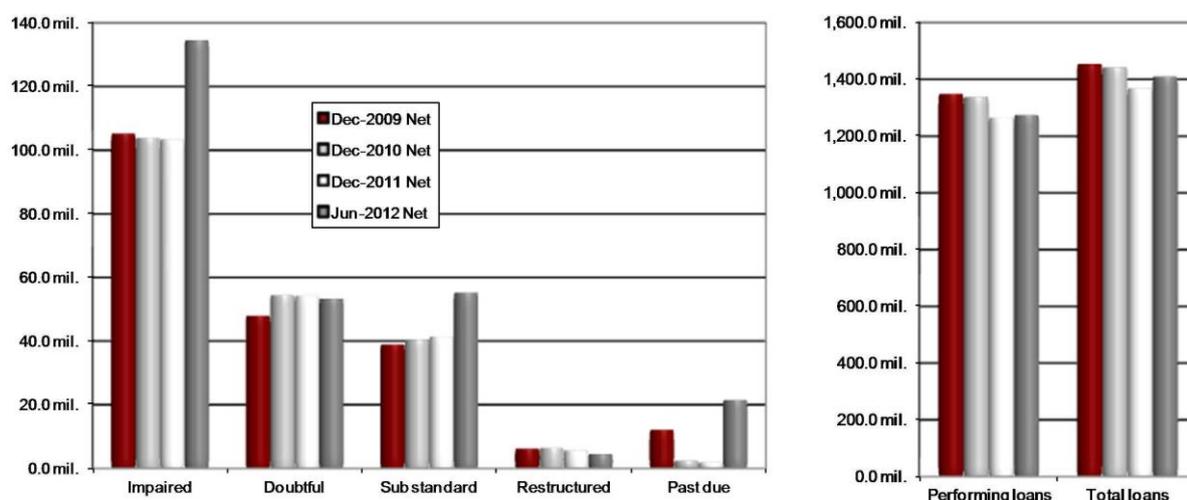
The tables below make a comparison between overall amounts of financing as at 30th June 2012 and the end of 2011.

Loans and advances to customers and banks (thousands of Euros)

| Jun 2012 | Gross Exposure | Overall Adjustments | Net Exposure | % gross loans | % net loans | % coverage |
|--|------------------|---------------------|------------------|---------------|--------------|-------------|
| Impaired loans and “country risk” | 171,802 | 37,202 | 134,600 | 11.8 | 9.5 | 21.7 |
| - doubtful | 82,712 | 29,337 | 53,375 | 5.7 | 3.8 | 35.5 |
| - substandard | 62,556 | 7,266 | 55,290 | 4.3 | 3.9 | 11.6 |
| - restructured | 4,934 | 471 | 4,463 | 0.3 | 0.3 | 9.5 |
| - past due | 21,562 | 98 | 21,464 | 1.5 | 1.5 | 0.5 |
| - country risk | 38 | 30 | 8 | 0.0 | 0.0 | 80.0 |
| Performing loans | 1,280,301 | 5,250 | 1,275,051 | 88.2 | 90.5 | 0.4 |
| Total loans | 1,452,103 | 42,452 | 1,409,651 | 100.0 | 100.0 | 2.9 |

| Dec 2011 | Gross Exposure | Overall Adjustments | Net Exposure | % gross loans | % net loans | % coverage |
|--|------------------|---------------------|------------------|---------------|--------------|-------------|
| Impaired loans and “country risk” | 137,267 | 33,759 | 103,508 | 9.7 | 7.6 | 24.6 |
| - doubtful | 80,316 | 25,962 | 54,354 | 5.7 | 4.0 | 32.3 |
| - sub standard | 48,556 | 7,075 | 41,481 | 3.4 | 3.0 | 14.6 |
| - restructured | 6,391 | 687 | 5,704 | 0.5 | 0.4 | 10.7 |
| - past due | 1,966 | 5 | 1,961 | 0.1 | 0.1 | 0.3 |
| - country risk | 38 | 30 | 8 | 0.0 | 0.0 | 80.0 |
| Performing loans | 1,270,851 | 5,182 | 1,265,668 | 90.3 | 92.4 | 0.4 |
| Total loans | 1,408,118 | 38,941 | 1,369,176 | 100.0 | 100.0 | 2.8 |

| Change % Jun 2012 / Dec 2011 | Gross Exposure | Overall Adjustments | Net Exposure |
|--|----------------|---------------------|--------------|
| Impaired loans and “country risk” | +25.2 | +10.2 | +30.0 |
| - doubtful | +3.0 | +13.0 | -1.8 |
| - sub standard | +28.8 | +2.7 | +33.3 |
| - past due | +996.6 | +1,730.4 | +994.6 |
| Performing loans | +0.7 | +1.3 | +0.7 |
| Total loans | +3.1 | +9.0 | +3.0 |

Dynamic of net loans (thousands of Euros)

Doubtful loans

Doubtful loans, gross of write-down, amount to €82.7m, up by 3.0% in comparison to 2011. The manufacturing sector although showing only a limited increase (+€785 thousand) still accounts for the highest amounts of doubtful loans (36.9% of the total) followed by the construction sector (24.1%) and real estate (13.1%).

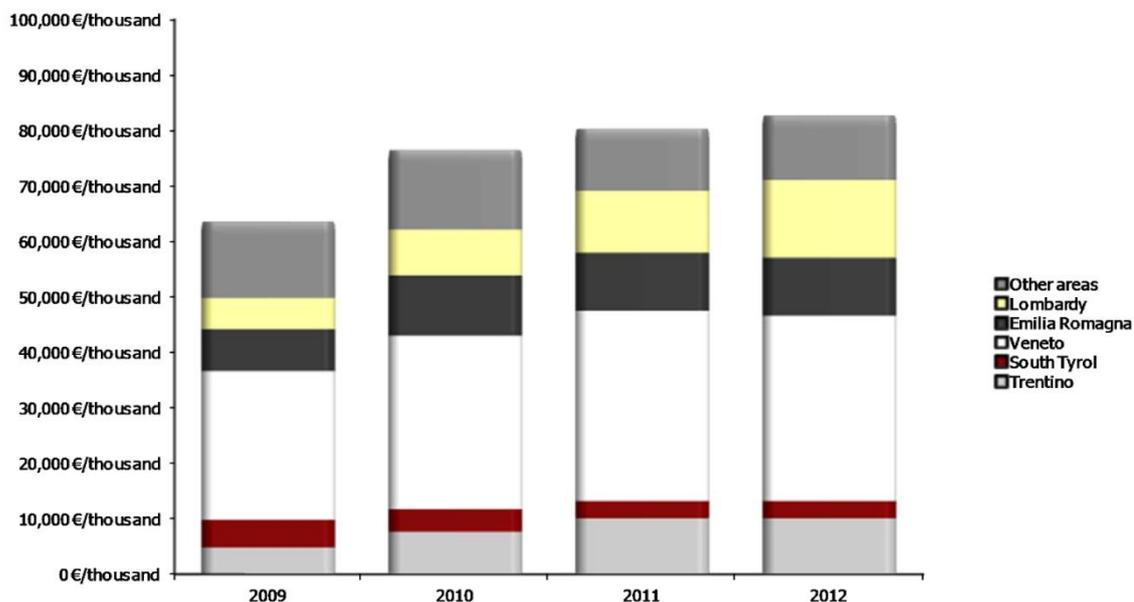
Breakdown of gross doubtful loans by counterparty and economic sector (thousands of Euros)

| | 30 Jun 2012 | % | 31 Dec 2011 | % | Chg. | Chg. % |
|---|--------------------|--------------|--------------------|--------------|---------------|---------------|
| Non-financial corporations | 81,399 | 98.4 | 79,003 | 98.4 | +2,396 | 3.0 |
| Mining/manufacturing | 30,483 | 36.9 | 29,698 | 37.0 | +785 | 2.6 |
| Constructions | 19,942 | 24.1 | 17,926 | 22.3 | +2,016 | 11.2 |
| Real estate | 10,831 | 13.1 | 12,456 | 15.5 | -1,625 | -13.0 |
| Market services | 6,970 | 8.4 | 7,061 | 8.8 | -91 | -1.3 |
| Agriculture | 5,636 | 6.8 | 4,325 | 5.4 | +1,311 | +30.3 |
| Other services | 5,570 | 6.7 | 5,570 | 6.9 | - | - |
| Hospitality | 1,148 | 1.4 | 1,148 | 1.4 | - | - |
| Transport services | 764 | 0.9 | 764 | 1.0 | - | - |
| Energy | 55 | 0.1 | 55 | 0.1 | - | - |
| Government Agencies, families and others | 1,313 | 1.6 | 1,313 | 1.6 | - | - |
| Financial corporations and banks | - | - | - | - | - | - |
| Total | 82,712 | 100.0 | 80,316 | 100.0 | +2,396 | 3.0 |

Breakdown of gross doubtful loans by area (thousands of Euro)

| | 30 Jun 2012 | % | 31 Dec 2011 | % | Chg. | Chg. % |
|-----------------------|------------------------|---------------|------------------------|---------------|---------------|---------------|
| Trentino | 10,045 | 12.1% | 10,091 | 12.6% | -46 | -0.5% |
| South Tyrol | 3,102 | 3.8% | 3,093 | 3.9% | +8 | +0.3% |
| Veneto | 33,449 | 40.4% | 34,289 | 42.7% | -840 | -2.4% |
| Emilia Romagna | 10,489 | 12.7% | 10,466 | 13.0% | +23 | +0.2% |
| Lombardy | 13,980 | 16.9% | 11,173 | 13.9% | +2,807 | +25.1% |
| Other areas | 11,646 | 14.1% | 11,204 | 13.9% | +442 | +3.9% |
| Total | 82,712 | 100.0% | 80,316 | 100.0% | +2,395 | +3.0% |

Trend of gross doubtful loans by area 2009-2012



The breakdown of doubtful loans by geographical areas shows that Veneto accounts for the highest incidence (40.4%) while Trentino, Emilia Romagna, Lombardy and Other Areas have a percentage of doubtful loans between 12% and 17%. With less than 4% of doubtful loans for an amount of around €3 million South Tyrol remains consistently the most virtuous area.

Doubtful loans, net of write-down amount to €53.4m down €1m when compared with December 2011.

The ratio of net doubtful loans to net lending was 3.8%, slightly down when compared with 4.0% for the previous business period; the same ratio gross of write-downs remains stable at 5.7%.

The coverage of doubtful loans is equal to 35.5%, up when compared to the figure recorded at the end of 2011 (32.3%).

Key ratios relative to doubtful loans

| in % | Jun 2012 | Dec 2011 |
|--|-----------------|-----------------|
| Gross doubtful loans / total gross loans | 5.7 | 5.7 |
| Gross doubtful loans /total gross loans to customers | 5.9 | 5.8 |
| Gross doubtful loans / regulatory capital | 46.0 | 44.0 |
| Net doubtful loans / total net loans | 3.8 | 4.0 |
| Net doubtful loans /total net loans to customers | 3.9 | 4.1 |
| Net doubtful loans / regulatory capital | 29.7 | 29.8 |

Substandard loans

Substandard loans, gross of write-down amount to €62.6m, a significant increase compared to the values recorded at the end 2011 (+€14.0m, +28.8%).

The most relevant increase, in absolute value, is due to the construction sector (+€8.2m in total), hospitality (+€3.4m) and manufacturing (+€2.6m). The only sector to record a virtuous performance is agriculture (-26.7%), although the amounts are very small when compared with the total portfolio of sub standard loans.

The positions included in the energy sector are absent.

Breakdown of gross substandard loans by counterparty and economic sector (thousands of Euros)

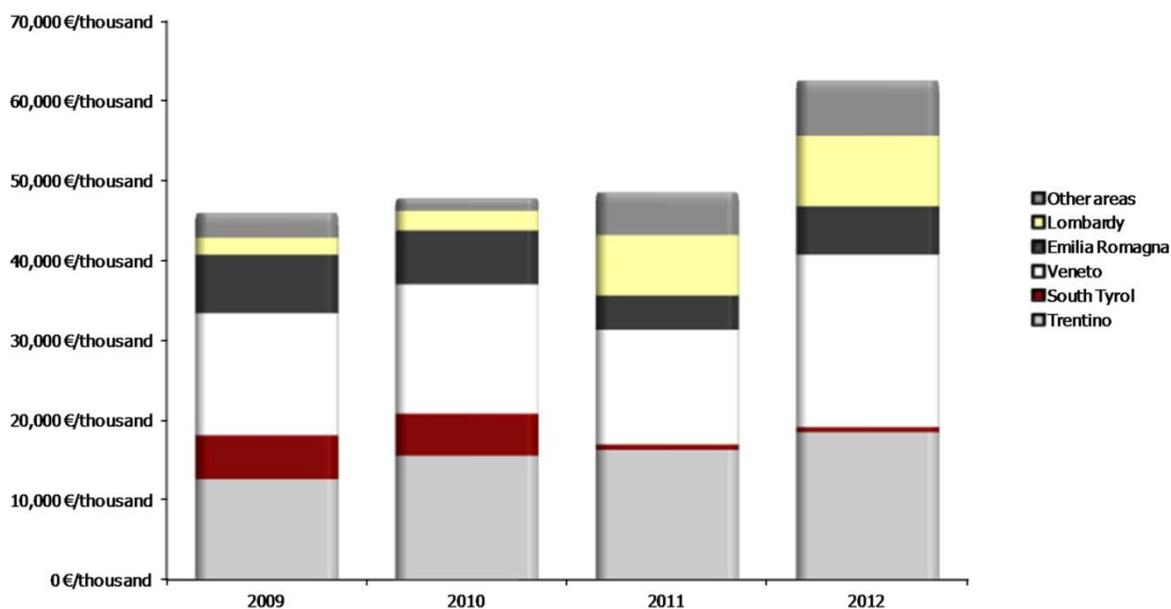
| | 30 Jun 2012 | % | 31 Dec 2011 | % | Chg. | Chg. % |
|---|--------------------|--------------|--------------------|--------------|----------------|---------------|
| Non-financial corporations | 56,371 | 90.1 | 42,142 | 86.8 | +14,229 | +33.8 |
| Mining/manufacturing | 15,197 | 24.3 | 12,609 | 26.0 | +2,588 | +20.5 |
| Construction | 14,782 | 23.6 | 10,531 | 21.7 | +4,251 | +40.4 |
| Real estate | 9,136 | 14.6 | 5,195 | 10.7 | +3,941 | +75.9 |
| Hospitality | 8,065 | 12.9 | 4,664 | 9.6 | +3,401 | +72.9 |
| Market services | 4,817 | 7.7 | 4,792 | 9.9 | +25 | +0.5 |
| Agriculture | 2,493 | 4.0 | 3,401 | 7.0 | -908 | -26.7 |
| Other services | 1,153 | 1.8 | 228 | 0.5 | +925 | +406.7 |
| Transport services | 729 | 1.2 | 722 | 1.5 | +7 | +1.0 |
| Energy | - | - | - | - | - | - |
| Government Agencies, families and others | 810 | 1.3 | 786 | 1.6 | +24 | +3.1 |
| Financial corporations and banks | 5,375 | 8.6 | 5,628 | 11.6 | -253 | -4.5 |
| Total | 62,556 | 100.0 | 48,556 | 100.0 | +14,000 | +28.8 |

The breakdown of substandard loans by geographical areas shows that as much as 34.5% of substandard loans are in Veneto, which in the first half of 2012 accounts for the highest increase both in absolute value (+€7.2m) and percentage (+49.9%). Second is Trentino with an increase of €2.2m, while Emilia Romagna, Lombardy and Other areas recorded increases between €1m and €2m. The province of Bolzano remains stable with a low incidence of sub standard loans.

Breakdown of gross substandard loans by area (thousands of Euros)

| | 30 Jun 2012 | % | 31 Dec 2011 | % | Chg. | Chg. % |
|-----------------------|------------------------|--------------|------------------------|--------------|----------------|---------------|
| Trentino | 18480 | 29.5 | 16,293 | 33.6 | +2,187 | +13.4 |
| South Tyrol | 654 | 1.0 | 655 | 1.3 | -1 | -0.2 |
| Veneto | 21,583 | 34.5 | 14,400 | 29.7 | +7,183 | +49.9 |
| Emilia Romagna | 6,089 | 9.7 | 4,259 | 8.8 | +1,830 | +43.0 |
| Lombardy | 8,842 | 14.1 | 7,598 | 15.6 | +1,244 | +16.4 |
| Other Areas | 6,908 | 11.0 | 5,351 | 11.0 | +1,557 | +29.1 |
| Total | 62,556 | 100.0 | 48,556 | 100.0 | +14,000 | +28.8 |

Trend of gross substandard loans by area 2009-2012



Substandard loans net of write-down are equal to €55.3m, up by 33.3% against 31 December 2011.

The ratio of net substandard loans compared to total net loans was 3.9% up when compared with the value at the end of the previous business period (3.0%).

Key ratios relative to substandard loans

| in % | Jun 2012 | Dec 2011 |
|--|-----------------|-----------------|
| Gross substandard loans / total gross loans | 4.3 | 3.4 |
| Gross substandard loans / total gross loans to customers | 4.4 | 3.5 |
| Net substandard loans / total net loans | 3.9 | 3.0 |
| Net substandard loans / total net loans to customers | 4.1 | 3.1 |

Restructured loans

Restructured loans, net of write-down, amount to €4.5m, down by 21.8% against 31st December 2011, mainly due to the transfer of one loan to the substandard loans category.

The ratio of net restructured loans to total net loans is 0.3%, slightly down against the 0.4% from the end of last year.

Past due loans

This item is made up of all cash loans not secured against real estate by borrowers (not included in the other categories of impaired loans) whose debts are overdue for more than 90 days and individual loans guaranteed by real estate by borrowers whose debts are overdue for more than 90 days according to the criteria established by the supervising authorities.

These loans, net of write-down, equal €21.5m, significantly up against 31st December 2011, mainly due to the change in the supervising authority criteria already mentioned.

The ratio of "loans past due" to total net loans is 1.5% against 0.1% as recorded at the end of the previous business period.

EQUITY INVESTMENT ACTIVITIES

Equity Investment

Equity investment activities both direct and through participation in the closed-end securities investment fund "MC² Impresa", show overall amounts of approximately €15.3m, down by 11.7% against the data of December 2011.

During the year, the investment fund «MC² Impresa» proceeded to liquidate excess liquidity to the underwriters: the amount returned to the Bank amounted to €1.9m. Mediocredito has provided for the payment of €31,000 relating to unpaid calls for shares in Biorendena S.p.A..

The impairment test on equity securities has led to the opening of a loss considered durable on shares in close-end fund MC² Impresa for €78.2 thousand of which €77 thousand was recorded with contra-entry to equity, cancelling existing reserves.

Also noted (recorded with contra-entry to equity) is a value recovery of €26 thousand on shares in AEDES S.p.A..

However, the fair value has led to the recognition of the following variations in shareholders' equity:

- Positive fair value change of shares in Alto Garda Servizi S.p.A. for €24.8 thousand;
- Negative fair value change of stakes in real estate fund Clesio for €82.0 thousand;

While valuations achieved with the equity method for investments in subsidiaries, associates or companies subjected to significant influence, led to the revaluation of the investment in Essedi Strategie d'Impresa S.r.l. amounting to €12,000 and the devaluation of the investment in Biorendena S.p.A. for an amount of €28,000 and of investments in Paradisidue S.r.l. for €12,000.

The advisory activity for the closed-end investment fund «MC² Impresa» (which was promoted by Mediocredito to support SMIs and is managed by BCC Private Equity SGR), has almost concluded in the first half of the year, considering that the fund is undergoing liquidation.

Equity investments (thousands of Euro)

| | Jun 2012 | | | Dec 2011 | | |
|------------------------------------|---------------|-------------|---------------|---------------|-------------|---------------|
| | Afs | Equity inv. | Total | Afs | Equity inv. | Total |
| Merchant banking investment | 8,402 | 79 | 8,481 | 8,377 | 76 | 8,453 |
| Investments in UCITS | 6,332 | - | 6,332 | 8,412 | - | 8,412 |
| Other equity investments | 373 | 83 | 456 | 345 | 83 | 428 |
| Total | 15,106 | 162 | 15,268 | 17,134 | 159 | 17,293 |

Equity investment

(thousands of Euro)

| | Paradisidue S.r.l. Trento Other equity investments | Essedi S.p.A. Trento Other equity investments | Biorendena S.p.A. Pinzolo Merchant Banking Investment |
|---------------------------------|--|---|---|
| Balance as at 31/12/2011 | 22.8 | 60.3 | 76.1 |
| Purchases | - | - | +31.3 |
| Sales/Reimbursements | - | - | - |
| Gains | - | +11.7 | - |
| Losses | -12.2 | - | -28.4 |
| Impairment | - | - | - |
| Balance as at 30/06/2012 | 10.6 | 72.0 | 79.0 |
| Stake held | 100.000% | 31.869% | 20.000% |

Other equity investments and stakes available for sale

(thousands of Euro)

| | SPF Energy S.p.A. - Milano Merchant Banking Investment | Hotel Lido Palace S.p.A. Riva del Garda Merchant Banking Investment | Valsugana Energia S.p.A. Pergine Valsugana Merchant Banking Investment | Enercoop S.r.l. Trento Merchant Banking Investment |
|---------------------------------|--|---|--|--|
| Balance as at 31/12/2011 | 1,000.00 | 528.8 | 300.0 | 1,720.7 |
| Purchases | - | - | - | - |
| Sales/Reimbursements | - | - | - | - |
| Gain/Losses on disposal | - | - | - | - |
| Fair value changes | - | - | - | - |
| Reversal of reserve | - | - | - | - |
| Impairment | - | - | - | - |
| Balance as at 30/06/2012 | 1,000.00 | 528.8 | 300.0 | 1,720.7 |
| Stake held | 3.830% | 4.840% | 12.000% | 15.000% |

(thousands of Euro)

| | Alto Garda Servizi S.p.A. Riva del Garda Merchant Banking Investment | Alto Garda Servizi Teleriscaldamento S.p.A. Riva del Garda Merchant Banking Investment | S.W.S. Group S.p.A. Trento Merchant Banking Investment | Urbis S.p.A. in liquidation Trento Other equity investments |
|---------------------------------|--|---|--|--|
| Balance as at 31/12/2011 | 2,111.3 | 1,500.0 | 1,201.0 | 1.8 |
| Purchases | - | - | - | - |
| Sales/Reimbursements | - | - | - | -1.8 |
| Gain/Losses on disposal | - | - | - | - |
| Fair value changes | +24.8 | - | - | - |
| Reversal of reserve | - | - | - | - |
| Impairment | - | - | - | - |
| Balance as at 30/06/2012 | 2,136.1 | 1,500.0 | 1,201.0 | - |
| Stake held | 6.051% | 16.130% | 14.966% | |

(thousands of Euro)

| | Fondo Immobiliare chiuso Clesio Investments in UCITS | AEDES Società per azioni ligure lombarda per imprese e costruzioni S.p.A. – Milano Other equity investments | Fondo mobiliare chiuso MC ² - Impresa Investments in UCITS | Cassa Centrale Banca S.p.A. – Trento Other equity investments |
|---------------------------------|--|---|---|---|
| Balance as at 31/12/2011 | 789.4 | 78.6 | 7,622.7 | 50.2 |
| Purchases | - | - | - | - |
| Sales/Reimbursements | - | - | -1,920.0 | - |
| Gain/Losses on disposal | - | - | - | - |
| Fair value changes | -82.0 | +25.8 | - | - |
| Reversal of reserve | - | - | -77.7 | - |
| Impairment | - | - | -0.5 | - |
| Balance as at 30/06/2012 | 707.4 | 104.4 | 5,624.5 | 50.2 |
| Stake held | | 0.120% | | 0.025% |

(thousands of Euro)

| | P.B. S.r.l. Milano Other equity investments | Trentino Volley S.p.A. Trento Merchant Banking Investment | Fondo RETEX Other equity investments | Trevefin. S.p.A. Tarzo (TV) Other equity investments |
|---------------------------------|---|---|---|--|
| Balance as at 31/12/2011 | 3.4 | 14.9 | 100.4 | 108.8 |
| Purchases | - | - | - | - |
| Sales/Reimbursements | - | - | - | - |
| Gain/Losses on disposal | - | - | - | - |
| Fair value changes | - | - | - | - |
| Reversal of reserve | - | - | - | - |
| Impairment | - | - | - | - |
| Balance as at 30/06/2012 | 3.4 | 14.9 | 100.4 | 108.8 |
| Stake held | 0.820% | 5.363% | 1.237% | 4.387% |

(thousands of Euro)

| | Lineapiù S.p.A. Prato Other equity investments | Federazione Trentina delle Cooperative Scarl Trento Other equity investments | Formazione-Lavoro Società consortile per azioni Trento Other equity investments |
|---------------------------------|--|---|---|
| Balance as at 31/12/2011 | - | 1.0 | 0.6 |
| Purchases | - | 4.1 | - |
| Sales/Reimbursements | - | - | - |
| Gain/Losses on disposal | - | - | - |
| Fair value changes | - | - | - |
| Reversal of reserve | - | - | - |
| Impairment | - | - | - |
| Balance as at 30/06/2012 | - | 5.1 | 0.6 |
| Stake held | 0.786% | 0.804% | 0.042% |

Other corporate & investment banking activities

In an economic outlook that continues to show signs of recession, activities in the sector for the first half of the year have experienced an upswing in terms of commissions, as will be shown in detail later.

The increasing specialisation of the bank continues to be the generating of diversified revenues that occur in the process of organizing, structuring and managing existing operations. The activities in project finance still remain important.

BORROWING OPERATIONS AND TREASURY MANAGEMENT

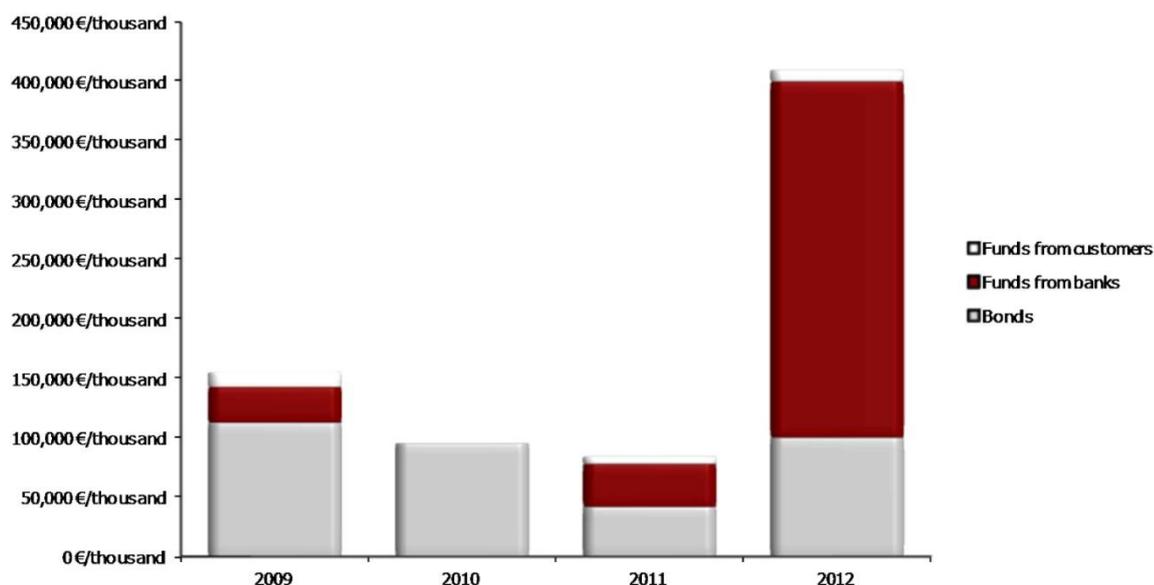
In the first half of 2012, new funds were secured for €326.2m with a net increase against the same period last year reaching €410.4m, against the €84.3m for the first half of 2011.

The new flow of bonds recorded is due to the issue of bonds under the EMTN program for €71.2m million and for €29.0m of bonds placed with local financial institutions, while medium to long term funding has been affected by the three-year funding of the European Central Bank for €300m.

Flows of borrowing operations (thousands of Euro)

| TYPE | FLOWS | | | | |
|--------------------------------------|----------------|--------------|---------------|--------------|---------------|
| | First half 12 | % | First half 11 | % | chg. % |
| BONDS | 100,200 | 24.4 | 41,800 | 49.6 | +139.7 |
| - Straight bonds | 100,200 | 24.4 | 41,800 | 49.6 | +139.7 |
| - Bonds at Fair Value | - | - | - | - | - |
| - Zero-coupon bonds | - | - | - | - | - |
| - Special bonds | - | - | - | - | - |
| FUNDS FROM BANKS AND FROM CDP | 300,000 | 73.1 | 35,991 | 42.7 | +733.5 |
| - EIB funds | - | - | - | - | - |
| - Medium/long term funds from banks | 300,000 | 73.1 | 35,991 | 42.7 | +733.5 |
| - Current accounts and deposits | - | - | - | - | - |
| FUNDS FROM CUSTOMERS | 10,246 | 2.5 | 6,492 | 7.7 | +57.8 |
| - funds from third party | 2,296 | 0.6 | 120 | 0.1 | +1.813.3 |
| - other funds | 7,950 | 1.9 | 6,372 | 7.6 | +24.8 |
| TOTAL | 410,446 | 100.0 | 84,283 | 100.0 | +387.0 |

Overall amounts of borrowing operations (thousands of Euros)



During the year the Bank also issued and subscribed bonds guaranteed by the state for €185m: such securities, eligible for refinancing with the European Central Bank, add to the purchases for €181m of similar government and banks bonds. The two operations combined bring the number of

eligible securities available to the Bank to mitigate liquidity risk to a total of €548.8⁶m, which net of the two three-year transactions already completed guarantee liquidity reserves estimated at €80m (net of haircuts).

In terms of overall amounts, bonds decreased by 6.7% as a consequence of the abovementioned flows and repayment of matured bonds (reaching a value of €741m), while funds borrowed increased by €291m as a consequence of new funding from the Central Bank.

Overall, the amounts of funds borrowed from third parties remain at around €57m, while funds from ordinary customers, mainly made-up of short term deposits, are around €48m, showing a decrease of €25m, mainly due to the increase of the other sources.

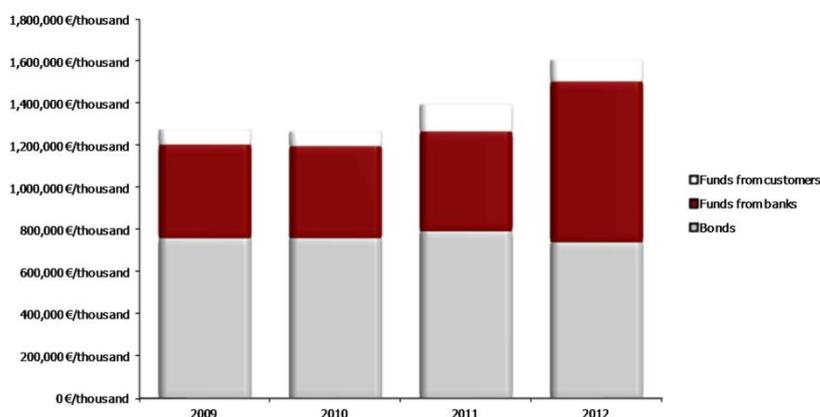
In total the overall amount of borrowing operations shows a significant increase of 15.2%, equal to €211.8m.

Overall amounts of borrowing operations (thousands of Euros)

| TYPE | OVERALL AMOUNTS | | | | |
|--|------------------|--------------|------------------|--------------|--------------|
| | Jun 12 | % | Dec 11 | % | chg. % |
| BONDS | 741,375 | 46.1 | 793,964 | 56.8 | -6.6 |
| - Straight bonds | 721,078 | 44.8 | 754,231 | 53.9 | -4.4 |
| - Bonds at Fair Value (+fv IRS) | 19,961 | 1.2 | 39,354 | 2.8 | -49.3 |
| - Zero-coupon bonds | - | - | - | - | - |
| - Special bonds | 336 | 0.0 | 379 | 0.0 | -11.3 |
| FUNDS FROM BANKS AND FROM CDP | 764,326 | 47.5 | 473,503 | 33.9 | +61.4 |
| - EIB funds | 115,770 | 7.2 | 123,045 | 8.8 | -5.9 |
| - Medium/long term funds from banks ¹ | 544,528 | 33.8 | 242,989 | 17.4 | +124.1 |
| - Current accounts and deposits | 104,028 | 6.5 | 107,469 | 7.6 | -3.2 |
| FUNDS FROM CUSTOMERS | 104,200 | 6.5 | 130,621 | 9.3 | -20.2 |
| - funds from third party | 56,405 | 3.5 | 57,520 | 4.1 | -1.9 |
| - other funds | 47,795 | 3.0 | 73,101 | 5.2 | -34.6 |
| TOTAL | 1,609,901 | 100.0 | 1,398,088 | 100.0 | +15.2 |

¹ of which €58.6m in June 2012 and December 2011 from CDP and €82.0m in December 2011 and €382m in June 2012 CEB.

Trend of operations (thousands of Euros)



⁶ The total also includes a title with a nominal €30m that in May had lost the characteristics for eligibility, then regained on July 3rd. The potential liquidity available through such security is estimated at around €24m.

SECURITIES PORTFOLIO

As briefly mentioned in the section on Funding, during the year securities were purchased which are eligible for refinancing with the European Central Bank to a value of €181m of government bonds and banks. French State Securities have also been purchased valued at €10.8m, to guarantee the securitisation started in 2009.

These securities are classified as held available for sale.

The portfolio of debt securities available for sale was therefore as follows:

Amounts of portfolio debt securities available for sale (thousands of Euros)

| Issuer | Jun 2012 | | Dec 2011 | |
|--------------------|----------------|----------------|----------------|----------------|
| | Nominal Value | Fair Value | Nominal Value | Fair Value |
| Government | 195,800 | 180,039 | 35,000 | 30,819 |
| Co-operative banks | 50,000 | 50,252 | 50,000 | 50,432 |
| Other banks | 121,000 | 121,471 | 110,000 | 109,430 |
| Total | 366,800 | 351,762 | 195,000 | 190,682 |

The bonds issued by banks will reach maturities in a period of time ranging between 2012 and 2014 while government securities (Italian State bonds for €185m and French State for €10.8m) expire between 2012 and 2018.

Chart: allocation of AFS debt securities by maturity date

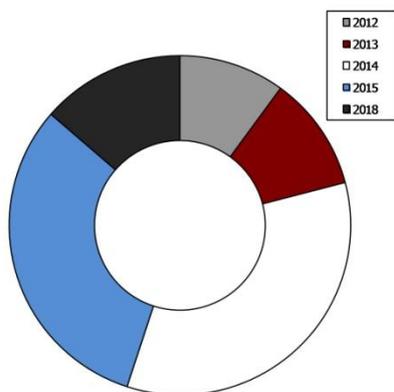
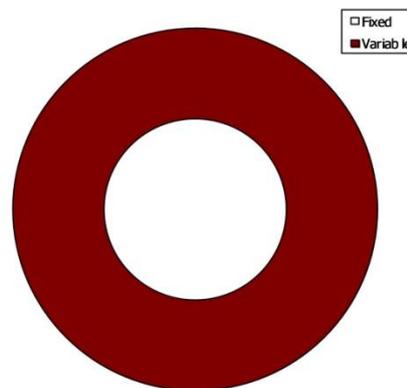


Chart: allocation of AFS debt securities by interest rate type



HEDGING ACTIVITIES AND DERIVATIVES

No operations were made in the first half of the year with regard to hedging activities and derivatives. The table below compares the operations carried out during the stated periods and overall notional amounts as at 30th of June 2012 in comparison to the data from the previous year.

Financial derivatives (thousands of Euros)

| INTEREST RATE SWAP | NEW CONTRACTS | | OVERALL NOTIONAL AMOUNTS | |
|--|------------------------|------------------------|---------------------------------|---------------|
| | First half 2012 | First half 2011 | Jun 12 | Dec 11 |
| - held for trading purposes | - | - | 1,241 | 1,424 |
| - acting as coverage of debt securities in issue | - | - | 70,000 | 89,500 |
| - cash flow | - | - | 50,000 | 50,000 |
| - linked with FVO | - | - | 20,000 | 39,500 |
| - acting as coverage of loans from banks | - | - | - | - |
| - cash flow | - | - | - | - |
| TOTAL | - | - | 71,241 | 90,924 |

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant, equipment and intangible assets are functional investments which amount to about €12.2m. They are mainly made up of buildings (the two premises in Trento, Bolzano and the Treviso branch).

The value of these buildings registers an increase of €1.1m following the purchase of the new Treviso branch and a natural decrease due to depreciation (-€146 thousand). The furnishing of the new branch accounts for an increase of €35 thousand under the item "furniture", deducted then from the normal depreciation.

In the first half of the year, investment in the upgrade of the data processing centre continued that started in 2011: these investments are shown with a €90 thousand increase under "Software" and €16 thousand under "IT equipment". Both items have been deducted from amortisation costs for the year.

The bank has continued the process of upgrade its car fleet which has registered an increase in value, net from depreciations, of €41 thousand.

Property, plant and equipment and intangible assets (thousands of Euros)

| | Jun 2012 | % | Dec 2011 | % | Chg % |
|--------------------------|-----------------|--------------|-----------------|--------------|--------------|
| Functional assets | 12,244 | 99.1 | 11,406 | 99.0 | +7.3 |
| - Land and buildings | 9,303 | 75.3 | 8,364 | 72.6 | +11.2 |
| - Furnishings | 1,133 | 9.2 | 1,162 | 10.1 | -2.5 |
| - IT equipments | 195 | 1.6 | 189 | 1.6 | +3.2 |
| - Other equipments | 795 | 6.4 | 843 | 7.3 | -5.7 |
| - Motor vehicles | 189 | 1.5 | 148 | 1.3 | +27.7 |
| - Software | 629 | 5.1 | 700 | 6.1 | -10.1 |
| Investment land | 116 | 0.9 | 116 | 1.0 | - |
| Total | 12,360 | 100.0 | 11,521 | 100.0 | +7.3 |

OPERATIONAL STRUCTURE

As at 30th June 2012 the number of employees has decreased by 1 against 31st December 2011. The Bank has 86 employees comprising of 66 full-time contracts and 20 part-time contracts.

Situation and changes with regard to employees

| | Situation as at 31.12.2011 | Resignations | Recruitments | Change of position | Situation as at 30.06.2012 |
|---------------------------------------|-------------------------------|--------------|--------------|-----------------------|-------------------------------|
| Directors | 4 | - | - | - | 4 |
| Managerial staff 3rd and 4th level | 18 | - | - | +2 | 20 |
| Managerial staff 1st and 2nd level | 20 | - | - | -2 | 18 |
| 3rd professional area | 41 | -1 | - | - | 40 |
| 2nd professional area | 4 | - | - | - | 4 |
| Total | 87 | -1 | - | - | 86 |

Breakdown by territorial unit

| | Trento | Bolzano | Treviso | Bologna | Padua | Brescia | Total |
|---|-----------|----------|----------|----------|----------|----------|-----------|
| Executives | 19 | 1 | 1 | 1 | 1 | 1 | 24 |
| Other personnel (professional areas, Managerial staff 1st and 2nd level) | 48 | 3 | 5 | 2 | 1 | 3 | 62 |
| Total | 67 | 4 | 6 | 3 | 2 | 4 | 86 |

Breakdown by age

| | Men | Women | Total |
|--------------------------|-----------|-----------|-----------|
| < 30 years | 1 | 1 | 2 |
| > 30 years < 45 years | 24 | 20 | 44 |
| > 45 years | 27 | 13 | 40 |
| Total | 52 | 34 | 86 |

Breakdown by length of service

| | Men | Women | Total |
|-----------------------|-----------|-----------|-----------|
| < 5 years | 7 | 7 | 14 |
| > 5 years < 10 years | 4 | 2 | 6 |
| > 10 years < 20 years | 28 | 15 | 43 |
| > 20 years | 13 | 10 | 23 |
| Total | 52 | 34 | 86 |

595.5 hours were devoted to staff training. The following table shows a breakdown of "classroom days" at the Bank's premises and external courses:

| Area / Services | Specific training outside the Bank's premises | | Relational training at the Bank's premises | | Technical training at the Bank's premises | |
|---------------------------|--|---------------|---|-----------|--|---------------|
| | Classroom days | No. attendees | Classroom days | | Classroom days | No. attendees |
| General management | - | - | - | - | - | - |
| Business area | 13.05 | 8 | 6.52 | 10 | 33.50 | 34 |
| Legal dept. and contracts | 6.60 | 3 | - | - | - | - |
| Technical admin. area | 2.50 | 2 | 0.40 | 1 | 0.83 | 1 |
| Management support staff | 11.70 | 8 | 0.80 | 2 | 2.10 | 3 |
| Total | 33.85 | 21 | 7.72 | 13 | 36.43 | 38 |

The Administrative Board carried out their activities thorough 8 Board of Directors meetings, 2 Executive Committee meetings and 5 Board of Auditors meetings. An Ordinary Shareholders' Meeting, 2 Control Committee meetings and 1 meeting of the committee D.Lgs. 231/2001 were also convened.

PRINCIPAL TRENDS IN THE FINANCIAL STATEMENTS AND STATE OF AFFAIRS

RECLASSIFIED STATEMENT OF FINANCIAL POSITION (ABRIDGED)

(thousands of Euro)

| Assets | 30.06.2012 | 31.12.2011 | Chg. | Chg. % |
|---|-------------------|-------------------|-----------------|---------------|
| CASH AND CASH EQUIVALENTS | 4 | 5 | -1 | -20.4 |
| FINANCIAL ASSETS HELD FOR TRADING | 56 | 634 | -578 | -91.1 |
| FINANCIAL ASSETS AVAILABLE FOR SALE | 366,868 | 207,816 | +159,052 | +76.5 |
| LOANS AND ADVANCES TO BANKS | 45,425 | 26,681 | +18,744 | +70.3 |
| LOANS AND ADVANCES TO CUSTOMERS | 1,364,226 | 1,342,495 | +21,731 | +1.6 |
| HEDGING DERIVATIVES | - | - | - | |
| EQUITY INVESTMENTS | 162 | 159 | +2 | +1.5 |
| PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS | 12,359 | 11,521 | +838 | +7.3 |
| TAX ASSETS | 5,859 | 4,192 | +1,667 | +39.8 |
| OTHER ASSETS | 13,963 | 11,789 | +2,173 | +18.4 |
| TOTAL ASSETS | 1,808,921 | 1,605,292 | +203,629 | +12.7 |
| | | | | |
| Equity and liabilities | 30.06.2012 | 31.12.2011 | Chg. | Chg. % |
| DUE TO BANKS | 705,731 | 414,855 | +290,876 | +70.1 |
| DUE TO CUSTOMERS | 162,795 | 189,269 | -26,473 | -14.0 |
| DEBT SECURITIES IN ISSUE | 721,414 | 754,610 | -33,196 | -4.4 |
| FINANCIAL LIABILITIES HELD FOR TRADING | 606 | 1,107 | -501 | -45.3 |
| FINANCIAL LIABILITIES VALUED AT <i>FAIR VALUE</i> | 19,483 | 38,956 | -19,473 | -50.0 |
| HEDGING DERIVATIVES | 441 | 168 | +273 | +162.8 |
| TAX LIABILITIES | 7,034 | 7,459 | -425 | -5.7 |
| OTHER LIABILITIES | 8,454 | 8,933 | -479 | -5.4 |
| VALUATION RESERVES | (1,892) | 1,466 | -3,358 | -229.1 |
| CAPITAL RESERVE | 182,322 | 181,922 | +401 | +0.2 |
| NET INCOME FOR THE PERIOD | 2,533 | 6,549 | -4,016 | -61.3 |
| TOTAL EQUITY AND LIABILITIES | 1,808,921 | 1,605,292 | +203,629 | +12.7 |

The values in the table are calculated rounding off the single values: possible discrepancies are due to rounding off.

RECLASSIFIED INCOME STATEMENT (ABRIDGED)

(thousands of Euro)

| Captions | First half 2012 | First half 2011 | Change | %Chg |
|---|-----------------|-----------------|-------------|--------------|
| NET INTEREST INCOME | 12,500 | 11,903 | +597 | +5.0 |
| <i>NET FEE AND COMMISSION INCOME</i> | 742 | 852 | -110 | -12.9 |
| DIVIDENDS AND SIMILAR INCOME | (229) | 155 | -384 | -247.7 |
| NET INTEREST AND OTHER BANKING INCOME | 13,013 | 12,910 | +104 | +0.8 |
| NET IMPAIRMENT ADJUSTMENTS | (3,280) | (3,497) | +216 | -6.2 |
| NET INCOME FROM FINANCIAL ACTIVITIES | 9,733 | 9,413 | +320 | +3.4 |
| <i>OPERATING COSTS</i> | (5,482) | (5,120) | -362 | +7.1 |
| PROFIT (LOSS) FROM EQUITY INVESTMENTS AND ON DISPOSAL OF INVESTMENT | (29) | (44) | +16 | -35.4 |
| PROFIT BEFORE INCOME TAXES | 4,222 | 4,249 | -26 | -0.6 |
| INCOME TAXES | (1,689) | (1,593) | -96 | +6.0 |
| NET INCOME FOR THE YEAR | 2,533 | 2,655 | -122 | -4.6 |

The values in the table are calculated rounding off the single values: possible discrepancies are due to rounding off.

INCOME STATEMENT DYNAMICS

The income statement as at 30th June 2012 complies with the requirements set out in IAS 34 "Interim Financial Reporting" and includes data relative to 30th June 2011 for comparison purposes.

(thousands of Euro)

| | Items | 30.06.2012 | 30.06.2011 | Chg. | Chg. % |
|-------------|--|----------------|----------------|-------------|--------------|
| 10. | INTEREST INCOME AND SIMILAR REVENUES | 29,865 | 22,961 | +6,904 | +30.1 |
| 20. | INTEREST EXPENSE AND SIMILAR CHARGES | (17,365) | (11,058) | -6,308 | +57.0 |
| 30. | NET INTEREST INCOME | 12,500 | 11,903 | +597 | +5.0 |
| 40. | FEE AND COMMISSION INCOME | 1,419 | 943 | +476 | +50.5 |
| 50. | FEE AND COMMISSION EXPENSES | (677) | (91) | -586 | +645.7 |
| <i>60.</i> | <i>NET FEE AND COMMISSION INCOME</i> | 742 | 852 | -110 | -12.9 |
| 70. | DIVIDENDS AND SIMILAR INCOME | 2 | 41 | -40 | -95.8 |
| 80. | NET TRADING INCOME | (8) | 8 | -15 | -197.5 |
| 90. | NET HEDGING GAINS (LOSSES) | - | - | - | - |
| 100. | GAINS (LOSSES) ON DISPOSAL OR REPURCHASE | (14) | - | -14 | |
| 110. | NET CHANGE IN FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE | (209) | 106 | -314 | -297.4 |
| 120. | NET INTEREST AND OTHER BANKING INCOME | 13,013 | 12,910 | +104 | +0.8 |
| 130. | NET IMPAIRMENT ADJUSTMENTS | (3,280) | (3,497) | +216 | -6.2 |
| 140. | NET INCOME FROM FINANCIAL ACTIVITIES | 9,733 | 9,413 | +320 | +3.4 |
| 150. | ADMINISTRATIVE COSTS: ⁷ | (5,028) | (4,799) | -229 | +4.8 |
| | a) payroll | (3,568) | (3,489) | -78 | +2.2 |
| | b) other administrative costs | (1,461) | (1,310) | -151 | +11.5 |
| 160. | NET PROVISIONS FOR RISKS AND CHARGES | (75) | (39) | -36 | +93.8 |
| 170. | NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT ⁷ | (316) | (244) | -72 | +29.7 |
| 180. | NET ADJUSTMENTS TO INTANGIBLE ASSETS | (161) | (155) | -6 | +3.9 |
| 190. | OTHER OPERATING CHARGES/INCOME ⁷ | 98 | 116 | -18 | -15.4 |
| <i>200.</i> | <i>OPERATIONAL COSTS</i> | (5,482) | (5,120) | -362 | +7.1 |
| 210. | PROFIT (LOSS) FROM EQUITY INVESTMENTS | (29) | (46) | +17 | -37.2 |
| 240. | GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS | 0 | 2 | -1 | -82.7 |
| 250. | PROFIT (LOSS) ON CURRENT OPERATIONS BEFORE INCOME TAXES | 4,222 | 4,249 | -26 | -0.6 |
| 260. | INCOME TAXES ON CURRENT OPERATIONS | (1,689) | (1,593) | -96 | +6.0 |
| 290. | NET INCOME (LOSS) FOR THE YEAR | 2,533 | 2,655 | -122 | -4.6 |

⁷ The recoveries from customers for indirect expenses and taxes incurred by the Bank (+€50 thousand in 2012, +€1.717m in 2011) were reclassified as a direct adaptation of the same, from item 190. to item 150 .. Depreciation and amortization related to leasehold improvements (€2,500 in both semesters) were reclassified from 190. under 170..

Interest income

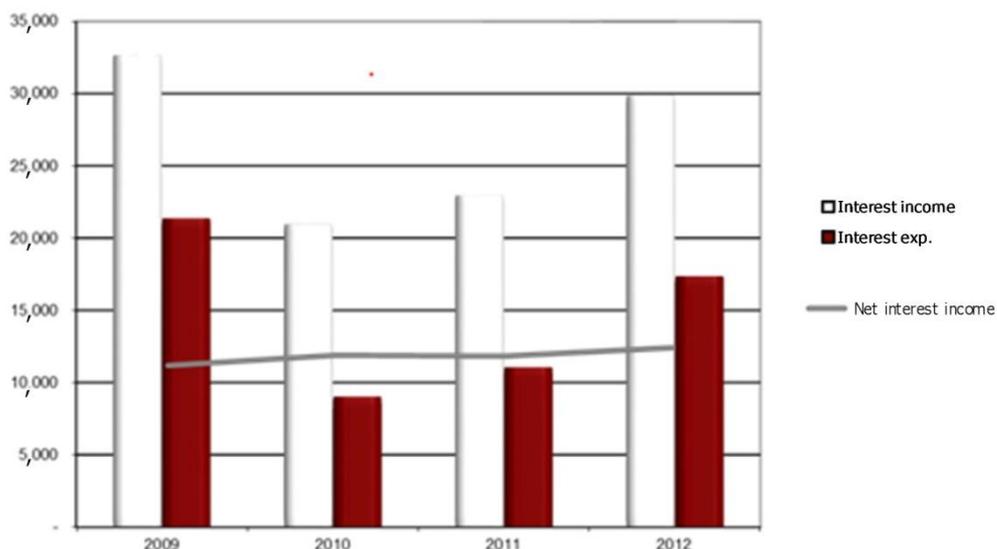
Interest margin composition (thousands of Euro)

| | Items | 30.06.2012 | 30.06.2011 | Chg. | Chg. % |
|------------|--------------------------------------|-------------------|-------------------|-------------|---------------|
| 10. | INTEREST INCOME AND SIMILAR REVENUES | 29,865 | 22,961 | +6,904 | +30.1 |
| 20. | INTEREST EXPENSE AND SIMILAR CHARGES | (17,365) | (11,058) | -6,308 | +57.0 |
| 30. | NET INTEREST INCOME | 12,500 | 11,903 | +597 | +5.0 |

The net interest income shows a positive performance (+€597 thousand; +5.0%): in the second quarter the effects of time mismatches linked to the advanced establishment of eligible security reserves (and the related charges incurred in obtaining the support of the State) were absorbed into the subsequent open market operations and reinvestment of temporary liquidity. This resulted in only a partial benefit offset by lower cash payments on positions in arrears and bad debts for an amount of €307 thousand.

The spread of money management (interest income net of interest on arrears and bad debts) shows a good performance also when compared with the Bank’s historical data, around 1.3%.

Trend of interest income (thousands of Euro)



Net revenues from services, net interest and other banking income

Net revenues from services went up by 56.3% changing from €852 thousand to €1,332 thousand. This result is due to the positive trend of commission income - especially from the corporate finance component increased from €424 thousand in the first half of 2011 to €692 thousand, and the survey and investigation component from €205 thousand to €328 thousand, while other commissions from customers changed from €36 to €200 thousand – the latest including relegation of other institutions for cross-selling.

The excellent results described have been reduced by commission paid to the Italian State for the guarantee on bonds issued by the bank for €589 thousand and the gradual decrease in advisory fees of the closed fund MC2, currently under liquidation.

Net fee and commission income (thousands of Euro)

| Captions | 30.06.2012 | 30.06.2011 | Chg. | Chg. % |
|--|-------------------|-------------------|-------------|---------------|
| 40. FEE AND COMMISSION INCOME | 1,419 | 943 | +476 | +50.5 |
| - survey and investigation | 328 | 205 | +123 | +60.0 |
| - corporate finance | 692 | 424 | +269 | +63.5 |
| - advising for Fondo MC ² Impresa | 68 | 136 | -67 | -49.5 |
| - expense refund in relation to administrative deeds | 52 | 69 | -17 | -24.5 |
| - prepayment penalties | 29 | 15 | +14 | +90.4 |
| - other | 249 | 94 | +155 | +165.2 |
| 50. FEE AND COMMISSION EXPENSES | (87) | (91) | +3 | -3.6 |
| - collection of applications | (32) | (63) | +31 | -49.4 |
| - other | (56) | (28) | -28 | +100.2 |
| NET TYPICAL COMMISSIONS | 1,332 | 852 | +480 | +56.3 |
| - State guarantees on bond issued | (589) | - | -589 | |
| 60. NET FEE AND COMMISSION INCOME | 742 | 852 | -110 | -12.9 |

The net result of the fair value measurement of derivatives and the corresponding associated liabilities are negative and amount to €209,000. The net result from brokerage activities amount to -€8,000 and largely comes from fair value changes and differentials in relation to trading derivative contracts.

In the same period the Bank cashed dividends valuing €2,000 (€42,000 in the first half of 2011) and losses were recorded on the sale of debt securities held as available-for-sale for €17,000 Euro and losses on the repurchase of bonds issued for €3,000.

The above mentioned results added to net fees and commissions bring net interest and other banking income to €13,013m, up by 0.8% against the result for the same period in 2011.

Value adjustments and net income from financial activities

The measurement of the balance sheet assets is summed up in the table below:

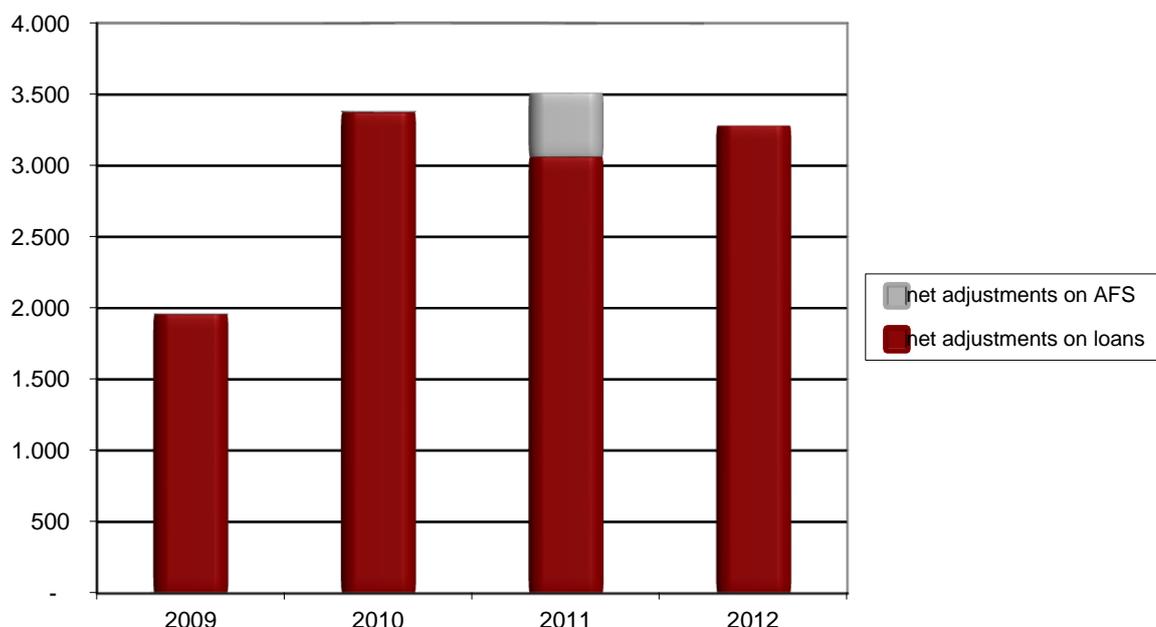
(Thousands of Euro)

| Captions | 30.06.2012 | 30.06.2011 | Chg. | Chg. % |
|--|-------------------|-------------------|-------------|---------------|
| 130. NET IMPAIRMENT ADJUSTMENTS ON: | (3,280) | (3,497) | +216 | -6.2 |
| a) loans and advances | (3,281) | (3,061) | -221 | +7.2 |
| b) financial assets available for sale | (0) | (450) | +450 | -100.0 |
| c) financial assets held to maturity | - | - | - | - |
| d) other financial assets | 1 | 14 | -13 | -90.1 |

Item 130. Net impairment adjustments: breakdown

| | First half 2012 | | | First half 2011 | | |
|--|-----------------|--------------|----------------|-----------------|--------------|----------------|
| | Adjustments | Write-back | Net Effect | Adjustments | Write-back | Net Effect |
| a) LOANS AND ADVANCES | 6,699 | 3,418 | (3,281) | 5,863 | 2,803 | (3,061) |
| - analytical valuation | 5,464 | 2,723 | (2,741) | 5,195 | 1,825 | (3,370) |
| - lump sum valuation | 971 | 112 | (859) | 665 | 746 | 80 |
| - loan losses | 1 | - | (1) | 0 | - | 0 |
| - "country risk" valuation | - | - | - | 0 | - | (0) |
| - initial FV of loans granted at an interest rate lower than the market rate | 263 | - | (263) | 3 | - | (3) |
| - collection from transactions concluded in prior periods | - | 583 | 583 | - | 232 | 232 |
| b) ASSETS AVAILABLE FOR SALES | (0) | - | (0) | 450 | - | (450) |
| - valuation of equity securities | (0) | - | (0) | 450 | - | (450) |
| c) ASSETS HELD TO MATURITY | | | | | | |
| d) OTHER TRANSACTIONS | - | 1 | 1 | - | 14 | 14 |
| - valuation financial guarantees | - | 1 | 1 | - | 14 | 14 |
| TOTAL | 6,699 | 3,419 | (3,280) | 6,313 | 2,817 | (3,497) |

Trend of net impairment adjustments (thousands of Euro)



The analytical valuation (for which non-performing loans were carried out by discounting the anticipated inflows) produced value adjustments of €5.464m and write-backs of €2.723m, of which €52,000 are from collections.

Impairment adjustments on loans with rates lower than the market ones have also been recorded for €263 thousand.

Percentages applied to lump sum write-downs on performing loans were obtained from a specific calculation procedure but prudentially, on account of the continuing economic downturn, the higher percentage adopted as at 31st December 2011 was used for "substandard loans" which produced total net write-backs of €0.859m.

As in the previous period, a write-down percentage of 80% was applied for "country risk" (Algeria), which has not caused any relevant adjustments.

During the first half of the year, collections on doubtful loans have been recorded, which had reverted to losses in previous periods for the amount of €583 thousand, while losses reported in the income statement amount to approximately €1,000.

Overall, the valuation of loans and advances to customers produced net value adjustments of €3.281m, an increase of 7.2% compared to the amount recorded (€3.061m) in the first half of 2011.

A write-back of around €1,000 was recorded in relation to guarantees provided (item 130.d). The impairment test on equities has led to a loss on investments over time in the closed-fund "MC² Impresa" for €500.

The net income from financial activities amounted to €9.733m, up by 3.4% against the data of June 2011.

Operating costs

Administrative cost came to €5.482m up by 7.1% against the amount at the end of the first half of 2011 (€5.120m).

In detail, compared to June 2011 payroll went up by €78,000 (+2.2%): this change is due to the increase in employees costs, despite the decrease in the average number of employees (80.9 vs. 81.9 in 2011), there is a greater allocations to provision for severance indemnities for €85,000⁸.

Other administrative costs have increased (+€151,000; +11.5%). This is mainly due to the renewal costs for the EMTN programme (not present in the first three months of 2011) and to increase advertising costs and indirect taxes.

Operational costs (thousands of Euro)

| Captions | 30.06.2012 | 30.06.2011 | Chg. | Chg. % |
|--|-------------------|-------------------|-------------|---------------|
| 150. ADMINISTRATIVE COSTS: | (5,028) | (4,799) | -229 | +4.8 |
| a) payroll: | (3,568) | (3,489) | -78 | +2.2 |
| - employee costs | (3,324) | (3,258) | -67 | +2.0 |
| - directors and auditors costs | (243) | (231) | -12 | +5.0 |
| b) other administrative costs ⁹ | (1,461) | (1,310) | -151 | +11.5 |
| 160. NET ALLOCATIONS TO PROVISIONS FOR RISKS AND CHARGES | (75) | (39) | -36 | +93.8 |
| 170. NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT | (316) | (244) | -72 | +29.7 |
| 180. NET ADJUSTMENTS TO INTANGIBLE ASSETS | (161) | (155) | -6 | +3.9 |
| 190. OTHER OPERATING CHARGES/INCOME | 98 | 116 | -18 | -15.4 |
| 200. OPERATIONAL COSTS | (5,482) | (5,120) | -362 | +7.1 |

An allocation of €75,000 was made in relation to the Personnel Incentive System.

⁸ In 2012 the "employee costs" item no longer includes analytical and documented reimbursements for accommodation and meals expenses incurred by employees, directors and auditors, classified, for €45 thousand, under "other administrative costs" according to the explanations provided by the Bank of Italy in February 2012.

⁹ The recoveries from customers for indirect expenses and taxes incurred by the Bank (+ €50,000 on 2012, +€1.717m in 2011) were reclassified as a direct adaptation of the same, from item 190. To item 150 .. Depreciation and amortisation related to leasehold improvements (€2,500 in both semesters) were reclassified from 190. under 170..

Depreciation came to €477,000, up by €78,000 against June 2011, primarily due to investment in the restoration work on the Trento headquarters.

If we take into consideration other net operating income (€98,000) operating costs record an increase of €362,000 (+7.7%) which brings the cost to income ratio to 42.1%, a figure higher than the one registered both in the first half of 2011 (39.7%) and on to 31st December 2011 (39.6%).

Personnel efficiency indices

| Captions | First half 2012 | First half 2011 | Chg. |
|--|----------------------------|----------------------------|-------------|
| Operating costs/Net interest and other banking income (%) | 42.1 | 39.7 | +2.5 |
| Payroll/Net interest and other banking income (%) | 27.4 | 27.0 | +0.4 |
| Average cost per employee (thousands of Euros) | 41.1 | 39.8 | +1.3 |
| Net interest and other banking income / average number of employees (thousands of Euros) | 160.8 | 157.7 | +3.1 |
| Positive total / average number of employees (thousands of Euros) | 22,354.4 | 18,209.2 | +4,145.2 |

Income for the period

After recording negative value changes of equity investments to the amount of €29,000, net profit before taxes came to €4.222m, stable (-€26 thousand) against first half of 2011.

The net profit for the period was €2.533m which, after ascertaining income tax (affected by the increased weight of non-deductible interest expense and the decrease in non-taxable revenues) has decreased by €0.1m (-4.6%) against the result recorded in June 2011 (€2.655m). Income tax for the period came to €1.689m, equal to a tax rate of 40.0% against 37.5% in the first half of 2011.

The Bank's performance relative to the two above-mentioned data comparisons can be summed up as follows:

| Changes against | First half 2012 |
|--|------------------------|
| Net interest income | +597 |
| Merchant banking activities (net commission income, dividends and capital gains on the sale of equity investments) | -163 |
| Write down on loans and advances, securities and equity investments | +233 |
| Operating costs | -362 |
| Fair value result | -330 |
| Taxes on income for the period | -96 |
| <i>Changes in income for the period</i> | -122 |

Net profit dynamic: changes in first half of 2012



EQUITY AND STATE OF AFFAIRS OF THE COMPANY

Equity

Reserves increased by €401 thousand due to the attribution of the net income for 2011 and Valuation Reserves decreased by €3.4m deriving from the adaptation to fair value of assets available for sale and cash flow hedges

As shown in the table below, after taking into account the net income for the period, equity amounts to €183m, down by €7.0m.

(thousands of Euro)

| | Items | Jun 2012 | Dec 2011 | Chg. |
|------|----------------------------|----------------|----------------|---------------|
| 130. | Valuation reserves | (1,892) | 1,466 | -3,358 |
| 160. | Reserves | 93,996 | 93,596 | +401 |
| 170. | Additional paid-in capital | 29,841 | 29,841 | - |
| 180. | Capital stock | 58,485 | 58,485 | - |
| 200. | Income for the period | 2,533 | 6,549 | -4,016 |
| | Total equity | 182,963 | 189,936 | -6,973 |

Following the Shareholders' Meeting of 11th May 2012 dividends on the overall amount of €5,848,460.80, equal to €0.052 on each of the 112,470,400 shares that make up the capital stock of Mediocredito Trentino – Alto Adige S.p.A., were paid out. The dividends were paid with interest running from 11th June 2012.

Regulatory capital and capital ratios

The regulatory capital and the capital ratios were calculated on the data from the half year financial statements drawn up in accordance with the new international accounting principles IAS/IFRS and the rules set forth by the supervising authorities.

(thousands of Euro)

| | Items | Jun 2012 | Dec 2011 |
|--|--------------------------------|----------------|----------------|
| | Core capital (Tier 1) | 175,193 | 177,910 |
| | Supplementary capital (Tier 2) | 4,604 | 4,634 |
| | Regulatory capital | 179,797 | 182,544 |
| | Tier 1 capital ratio | 13.30 | 13.93 |
| | Total capital ratio | 13.65 | 14.29 |

Capital ratios are in line with the minimum requirements prescribed by the regulations the Bank complied with at the Statement of Financial Position date, i.e. "Basel II" with the adoption of the standardised approach. The ratio of regulatory capital to total weighted assets (solvency ratio) was estimated at 13.65%, and the ratio of tier 1 capital to total weighted assets equalled 13.30% both slightly lower against the value at 31st December 2011 (14.29% and 13.93% respectively).

The regulatory capital (equal to the sum of €179.8m) after deducting the amounts representing the minimum regulatory requirements come to €74.4m, an amount which is deemed adequate to ensure the growth of business activities.

Rating

In May, the rating agency Moody's Investor Service downgraded the rating of the Bank (Baa1) which has been under observation since October 2011.

In July the agency reconsidered the creditworthiness of the country, the local authorities and the Italian banking sector which resulted in a widespread downward revision: Mediocredito in particular was affected by the downgrade of its public shareholders and has suffered a downgrade to Baa2 with a negative outlook.

| Category | Moody's Rating |
|---|----------------|
| Outlook | Negative |
| Bank Deposits | Baa2 / P-2 |
| Bank Financial Strength | D+ |
| Senior Unsecured – Dom Curr (Issuer Rating) | Baa2 |

SIGNIFICANT EVENTS AFTER PERIOD END AND EXPECTED BUSINESS OUTLOOK

After 30th June 2012 (the date which refers to the present six-monthly abbreviated report of Mediocredito Trentino-Alto Adige S.p.A.) and until 27th August 2012 (the date of the report approval from the Board of Directors) relevant events which will influence the economic and financial situation of the Bank have not come to light.

In the second half of the year, the Bank's activity will be conditioned by the worrying tensions on the financial markets due to the crisis of public finances in some countries in the Eurozone, worsened by the widening of yield premiums and the succession of downgrades of peripheral countries by international rating agencies accompanied by negative expectations in terms of economic growth, especially in Italy.

As mentioned earlier, the increase in yields on government bonds has further slowed the already poor access to wholesale funding markets for Italian banks with obvious repercussions on funding costs, only partially relieved by the measures adopted by the European Central Bank to support access to liquidity with the well known and widely used medium term operations.

In this context (as part of the implementation of new programs, products and services provided in the 2011-2013 business plan) the Bank began to operate in the hedging derivatives sector for its customers, beginning in the early part of the second half of the year. With regard to funding, the difficult market conditions forced the Bank to accelerate the processes of integration and support with institutional and banking shareholders. It should be noted that the Bank has adhered to the important multi-originator securitisation operation (organized by Cassa Centrale Banca and signed in August 2012) which will provide additional liquidity sufficient to cover the needs for the current period.

The Bank maintains its primary objective of stabilising the situation in terms of portfolio and profitability, containing as much as possible the increase in volumes of impaired loans that in this period seem to maintain on a growing trend.

Disbursements in the second half of the year will be essentially aimed at stabilising the portfolio:

Consistently with the trend in funding and demand and within a lending policy still characterised by particular attention to the creditworthiness of customers and operational margins.

Maintaining profitability will also benefit from the ongoing improvement in the dynamics of the commissions and the overall stability of the operating costs in addition to a hoped reduction in the cost of credit risk.

The interest rate risk will also be kept under check and within acceptable levels thanks to company-specific hedging policies.

Regarding compliance with regulatory requirements by the Central Bank, the Bank will be involved in the setup of internal regulations relating to risk management and conflict of interest in respect of related parties and the management of investments in companies.

From a technological point of view, the second half of the year will see the completion of the process for the regulation and utilisation of the new IT system.

PROPOSAL FOR THE ALLOCATION OF THE HALF-YEARLY NET INCOME

The net profit for the first half of 2012 equals €2,533,108.73.

Taken into consideration the instructions of the Bank of Italy in relation to the determination of the regulatory capital and the financial standing of the Company as at 30 June 2012 the following distribution of the net income can be envisaged:

| | | |
|--|---|---------------------|
| Income for the period | € | 2,533,108.73 |
| - non-distributable under article 6 c. 2 Legislative Decree. 38/2005 (Decree IAS) | € | 11,711.38 |
| Distributable income | € | 2,521,397.35 |
| - 5% legal reserve | € | 126,069.87 |
| - at the disposal of the Board of Directors for undertakings as per Article 21 of the By-laws | € | 125,000.00 |
| - dividend to distribute to shareholders (€ 0.020 for the 112,470,400 shares, which corresponds to 3.84% annually of their nominal value) | € | 2,249,408.00 |
| - further allocation to the extraordinary reserve | € | 20,919.48 |

Following the aforementioned distribution, equity as at 30.06.2012 would be as follows:

| | | |
|--|---|-----------------------|
| - capital stock | € | 58,484,608.00 |
| - additional paid-in capital | € | 29,841,458.06 |
| - legal reserve | € | 18,934,689.85 |
| - statutory reserve | € | 53,948,224.13 |
| - valuation reserve | € | (1,892,203.96) |
| - reserve from the reclassification of the risk provisions | € | 18,936,305.62 |
| - reserve from the FTA as per Legislative Decree 38/2005 | € | 2,273,855.22 |
| - other reserves | € | 61,829.30 |
| Total | € | 180,588,766.22 |

FINANCIAL STATEMENTS OF THE COMPANY

STATEMENT OF FINANCIAL POSITION

| Assets | | 30.06.2012 | 31.12.2011 |
|---------------------|-------------------------------------|----------------------|----------------------|
| 10. | CASH AND CASH EQUIVALENT | 3,611 | 4,538 |
| 20. | FINANCIAL ASSETS HELD FOR TRADING | 56,241 | 634,063 |
| 40. | FINANCIAL ASSETS AVAILABLE FOR SALE | 366,867,991 | 207,815,796 |
| 60. | LOANS AND ADVANCES TO BANKS | 45,424,909 | 26,680,979 |
| 70. | LOANS AND ADVANCES TO CUSTOMERS | 1,364,225,914 | 1,342,495,311 |
| 80. | HEDGING DERIVATIVES | - | - |
| 100. | EQUITY INVESTMENTS | 161,583 | 159,181 |
| 110. | PROPERTY, PLANT AND EQUIPMENT | 11,730,405 | 10,821,514 |
| 120. | INTANGIBLE ASSETS | 628,718 | 699,649 |
| | Of which: | | |
| | - good will | | |
| 130. | TAX ASSETS | 5,859,220 | 4,191,834 |
| | (a) current | 54,253 | - |
| | (b) deferred | 5,804,967 | 4,191,834 |
| 150. | OTHER ASSETS | 13,962,511 | 11,789,444 |
| TOTAL ASSETS | | 1,808,921,103 | 1,605,292,309 |

The statement of financial position is drawn up in Euros, without decimal places, after carrying out the necessary rounding. The sum of the differences arising from the rounding of assets is equal to -1 euro and was included under "other assets".

STATEMENT OF FINANCIAL POSITION

| Equity and Liabilities | | 30.06.2012 | 31.12.2011 |
|-------------------------------------|---|----------------------|----------------------|
| 10. | DUE TO BANKS | 705,730,674 | 414,854,657 |
| 20. | DUE TO CUSTOMERS | 162,795,386 | 189,268,832 |
| 30. | DEBT SECURITIES IN ISSUE | 721,414,306 | 754,610,027 |
| 40. | FINANCIAL LIABILITIES HELD FOR TRADING | 605,592 | 1,106,903 |
| 50. | FINANCIAL LIABILITIES AT FAIR VALUE | 19,483,075 | 38,955,811 |
| 60. | HEDGE DERIVATIVES | 440,711 | 167,672 |
| 80. | TAX LIABILITIES | 7,034,047 | 7,458,834 |
| | (a) current | - | 371,685 |
| | (b) deferred | 7,034,047 | 7,087,149 |
| 100. | OTHER LIABILITIES | 4,800,103 | 5,323,734 |
| 110. | PROVISION FOR SEVERANCE INDEMNITIES | 1,780,066 | 1,678,887 |
| 120. | PROVISIONS FOR RISKS AND CHARGES | 1,873,969 | 1,930,569 |
| | (a) pension fund and similar provisions | - | - |
| | (b) other provisions | 1,873,969 | 1,930,569 |
| 130. | VALUATION RESERVES | (1,892,204) | 1,465,653 |
| 160. | RESERVES | 93,996,203 | 93,595,543 |
| 170. | ADDITIONAL PAID-IN CAPITAL | 29,841,458 | 29,841,458 |
| 180. | CAPITAL STOCK | 58,484,608 | 58,484,608 |
| 200. | NET INCOME (LOSS) FOR THE PERIOD (+/-) | 2,533,109 | 6,549,121 |
| TOTAL EQUITY AND LIABILITIES | | 1,808,921,103 | 1,605,292,309 |

The statement of financial position is drawn up in Euros, without decimal places, after carrying out the necessary rounding. The sum of the differences arising from the rounding of assets is equal to +1 euros and was included under "other liabilities".

INCOME STATEMENT

| | Items | 30.06.2012 | 30.06.2011 |
|-------------|---|-------------------|-------------------|
| 10. | INTEREST INCOME AND SIMILAR REVENUES | 29,865,306 | 22,960,982 |
| 20. | INTEREST EXPENSE AND SIMILAR CHARGES | (17,365,454) | (11,057,911) |
| 30. | NET INTEREST INCOME | 12,499,852 | 11,903,071 |
| 40. | FEE AND COMMISSION INCOME | 1,419,013 | 942,605 |
| 50. | FEE AND COMMISSION EXPENSE | (676,698) | (90,743) |
| 60. | NET FEE AND COMMISSION INCOME | 742,315 | 851,862 |
| 70. | DIVIDENDS AND SIMILAR INCOME | 1,717 | 41,283 |
| 80. | NET TRADING INCOME | (7,625) | 7,818 |
| 90. | NET HEDGING GAINS (LOSSES) | - | - |
| 100. | GAINS (LOSSES) ON DISPOSAL OR REPURCHASE OF: | (14,153) | - |
| | a) loans and advances | - | - |
| | b) financial assets available for sale | (16,807) | - |
| | c) financial assets held to maturity | - | - |
| | d) financial liabilities | 2,654 | - |
| 110. | NET CHANGE IN FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE | (208,697) | 105,738 |
| 120. | NET INTEREST AND OTHER BANKING INCOME | 13,013,409 | 12,909,772 |
| 130. | NET IMPAIRMENT ADJUSTMENTS ON:: | (3,280,392) | (3,496,633) |
| | a) loans and advances | (3,281,290) | (3,060,612) |
| | b) financial assets available for sale | (488) | (450,078) |
| | c) financial assets held to maturity | - | - |
| | d) other financial transactions | 1,386 | 14,057 |
| 140. | NET INCOME FROM FINANCIAL ACTIVITIES | 9,733,017 | 9,413,139 |
| 150. | ADMINISTRATIVE COSTS: | (5,077,708) | (6,516,143) |
| | a) payroll | (3,567,535) | (3,489,225) |
| | b) other administrative costs | (1,510,173) | (3,026,918) |
| 160. | NET PROVISIONS FOR RISKS AND CHARGES | (75,000) | (38,694) |
| 170. | NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT | (313,848) | (241,485) |
| 180. | NET ADJUSTMENTS TO INTANGIBLE ASSETS | (161,046) | (154,959) |
| 190. | OTHER OPERATING CHARGES/INCOME | 145,360 | 1,831,001 |
| 200. | OPERATING COSTS | (5,482,242) | (5,120,280) |
| 210. | PROFIT (LOSS) FROM EQUITY INVESTMENTS | (28,918) | (46,012) |
| 240. | GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS | 303 | 1,750 |
| 250. | PROFIT (LOSS) ON CURRENT OPERATIONS BEFORE INCOME TAXES | 4,222,160 | 4,248,597 |
| 260. | INCOME TAXES ON CURRENT OPERATIONS | (1,689,051) | (1,593,224) |
| 270. | PROFIT (LOSS) FROM CURRENT OPERATIONS AFTER TAX | 2,533,109 | 2,655,373 |
| 290. | NET INCOME (LOSS) FOR THE PERIOD | 2,533,109 | 2,655,373 |

The income statement is drawn up in Euros, without decimal places, after carrying out the necessary rounding. The sum of the differences arising from the rounding of assets is equal to +1 euros and was included under "other operating charges/income".

EARNINGS PER SHARE

| | | |
|--------------------------|--------|--------|
| Earning per share | 0.0225 | 0.0236 |
| Diluted profit per share | 0.0225 | 0.0236 |

STATEMENT OF COMPREHENSIVE INCOME

| Items | First half 2012 | First half 2011 |
|--|--------------------|--------------------|
| 10. NET INCOME (LOSS) FOR THE PERIOD | 2,533,109 | 2,655,373 |
| 20. FINANCIAL ASSETS AVAILABLE FOR SALE: | -3,224,410 | -11,340 |
| - Equity securities | -108,343 | +275,851 |
| - Investment fund units | +47,555 | -9,164 |
| - Debt securities | -3,163,622 | -278,026 |
| 60. CASH FLOW HEDGES | -133,448 | +192,869 |
| 110. TOTAL OTHER POST TAX COMPONENTS OF INCOME | -3,357,858 | +181,529 |
| 120. TOTAL COMPREHENSIVE INCOME (Lines 10+110) | -824,749 | 2,836,902 |

STATEMENT OF CHANGES IN EQUITY 31/12/2011 – 30/06/2012

| | Balance as at 31.12.2011 | Changes in opening balance | Balance as at 01.01.2012 | Allocation of the previous year's results | | Change for the period | | | | | | Equity as at 30.06.2012 | |
|---------------------------------------|--------------------------|----------------------------|--------------------------|---|---------------------------------|-----------------------|------------------------------|-----------------------------|---|------------------------------|---|-------------------------|------------------------------|
| | | | | Reserves | Dividends and other allocations | Changes of reserves | Transaction booked to equity | | | | Total comprehensive income (Loss) for the first half of year 2012 | | |
| | | | | | | | Issue of new shares | Purchase of treasury shares | Extraordinary distribution of dividends | Change in equity instruments | | | Change in equity instruments |
| Share capital: | 58,484,608 | | 58,484,608 | | | | | | | | | | 58,484,608 |
| a) ordinary shares | 58,484,608 | | 58,484,608 | | | | | | | | | | 58,484,608 |
| b) other shares | - | | - | | | | | | | | | | - |
| Additional paid-in capital reserves | 29,841,458 | | 29,841,458 | | | | | | | | | | 29,841,458 |
| Reserves: | 93,595,543 | | 93,595,543 | 400,660 | | | | | | | | | 93,996,203 |
| a) from profit | 93,595,543 | | 93,595,543 | 400,660 | | | | | | | | | 93,996,203 |
| - statutory reserves | 18,483,670 | | 18,483,670 | 324,950 | | | | | | | | | 18,808,620 |
| - extraordinary reserves | 53,901,712 | | 53,901,712 | 75,710 | | | | | | | | | 53,977,422 |
| - other profit reserves ¹⁰ | 21,210,161 | | 21,210,161 | | | | | | | | | | 21,210,161 |
| b) others | - | | - | | | | | | | | | | - |
| Valuation reserves: | 1,465,653 | | 1,465,653 | | | | | | | | -3,357,858 | | -1,892,205 |
| a) assets available for sale | -2,728,372 | | -2,728,372 | | | | | | | | -3,224,410 | | -5,952,782 |
| b) financial flow hedge | -124,307 | | -124,307 | | | | | | | | -133,448 | | -257,755 |
| c) others | 4,318,332 | | 4,318,332 | | | | | | | | | | 4,318,332 |
| - property revaluation Law 413/91 | 745,631 | | 745,631 | | | | | | | | | | 745,631 |
| - property revaluation Law 342/2000 | 3,572,701 | | 3,572,701 | | | | | | | | | | 3,572,701 |
| Equity instruments | | | | | | | | | | | | | |
| Treasury shares | | | | | | | | | | | | | |
| Profit (Loss) for the year | 6,549,121 | | 6,549,121 | -400,660 | -6,148,461 | | | | | | 2,533,109 | | 2,533,109 |
| Net equity | 189,936,384 | | 189,936,384 | | -6,148,461 | | | | | | -824,749 | | 182,963,175 |

¹⁰ The "other profit reserves" include the FTA IAS/IFRS reserve (including the funds for general banking risks and for credit risk).

STATEMENT OF CHANGES IN EQUITY 31/12/2010 – 30/06/2011

| | Balance as at 31.12.2010 | Changes in opening balance | Balance as at 1.1.2011 | Allocation of the previous year's results | | Change for the year | | | | | | Equity as at 30.06.2011 | |
|---------------------------------------|--------------------------|----------------------------|------------------------|---|---------------------------------|---------------------|------------------------------|-----------------------------|---|------------------------------|------------------------------|-------------------------|---|
| | | | | Reserves | Dividends and other allocations | Changes of reserves | Transaction booked to equity | | | | | | Total comprehensive income (loss) for the first half of year 2011 |
| | | | | | | | Issue of new shares | Purchase of treasury shares | Extraordinary distribution of dividends ¹¹ | Change in equity instruments | Change in equity instruments | | |
| Share capital: | 58,484,608 | | 58,484,608 | | | | | | | | | | 58,484,608 |
| a) ordinary shares | 58,484,608 | | 58,484,608 | | | | | | | | | | 58,484,608 |
| b) other shares | - | | - | | | | | | | | | | - |
| Additional paid-in capital reserves | 29,841,458 | | 29,841,458 | | | | | | | | | | 29,841,458 |
| Reserves: | 93,259,933 | | 93,259,933 | 349,958 | | | | -14,348 | | | | | 93,595,543 |
| a) from profit | 93,259,933 | | 93,259,933 | 349,958 | | | | -14,348 | | | | | 93,595,543 |
| - statutory reserves | 18,169,996 | | 18,169,996 | 313,674 | | | | | | | | | 18,483,670 |
| - extraordinary reserves | 53,879,776 | | 53,879,776 | 36,284 | | | | -14,348 | | | | | 53,901,712 |
| - other profit reserves ¹² | 21,210,161 | | 21,210,161 | | | | | | | | | | 21,210,161 |
| b) others | - | | - | | | | | | | | | | - |
| Valuation reserves: | 5,236,059 | | 5,236,059 | | | | | | | | 181,529 | | 5,417,588 |
| a) assets available for sale | 769,566 | | 769,566 | | | | | | | | -11,340 | | 758,226 |
| b) financial flow hedge | 148,162 | | 148,162 | | | | | | | | 192,869 | | 341,030 |
| c) others | 4,318,332 | | 4,318,332 | | | | | | | | | | 4,318,332 |
| - property revaluation Law 413/91 | 745,631 | | 745,631 | | | | | | | | | | 745,631 |
| - property revaluation Law 342/2000 | 3,572,701 | | 3,572,701 | | | | | | | | | | 3,572,701 |
| Equity instruments | - | | - | | | | | | | | | | - |
| Treasury shares | - | | - | | | | | | | | | | - |
| Profit (Loss) for the year | 6,259,130 | | 6,259,130 | -349,958 | -5,923,520 | | | +14,348 | | | 2,655,373 | | 2,655,373 |
| Net equity | 193,081,188 | | 193,081,188 | | -5,923,520 | | | | | | 2,836,902 | | 189,994,570 |

¹¹ This consists of the distribution, approved by the Shareholders meeting of the 29th April 2011, of previously unavailable reserves freed-up in 2010 (Ris.ex. art. 6 c. 2 D.Lgs. 38/2005)

¹² The "other profit reserves" include the FTA IAS/IFRS reserve (including the funds for general banking risks and for credit risk).

CASH FLOW STATEMENT (INDIRECT METHOD)

| A. OPERATIONAL ACTIVITIES | First half 2012 | First half 2011 |
|---|------------------------|------------------------|
| 1. Operations | +11,136,958 | +7,172,166 |
| - Profit (loss) for the year | 2,533,109 | 2,665,373 |
| - capital gains/losses on financial assets held for trading and on assets/liabilities at fair value | +204,303 | -131,687 |
| - capital gains/losses on hedging activities | - | - |
| - net value adjustments/write-backs due to impairment | +3,599,787 | +3,725,973 |
| - net write-downs/write-backs on property, plant and equipment and intangible assets | +474,894 | +396,444 |
| - net provisions for risks and charges and other costs/revenues | +176,179 | +93,464 |
| - unpaid duties and taxes | +1,689,051 | +1,593,224 |
| - net write-offs/write-backs on discontinued assets net of tax effect | - | - |
| - other adjustments | +2,459,636 | -1,160,625 |
| 2. Cash flow generated/absorbed by financial assets | -211,775,551 | -15,292,031 |
| - financial assets held for trading | - | - |
| - financial assets at fair value | - | - |
| - financial assets available for sale | -164,079,941 | -59,723,345 |
| - demand deposits with banks | +10,338,959 | -3,549,100 |
| - loans and advances to banks: other loans and advances | -28,869,096 | +7,204,165 |
| - loans and advances to customers | -25,170,246 | +41,424,113 |
| - other assets | -3,995,226 | -647,864 |
| 3. Cash flow generated/absorbed by financial liabilities | +208,129,996 | +14,115,421 |
| - amounts due to banks: at sight | +37,500,000 | -3,441,767 |
| - amount due to banks: loans and advances | +251,007,524 | -45,770,464 |
| - amount due to customers | -26,428,883 | +41,046,189 |
| - debt certificates in issue | -33,446,302 | +30,113,780 |
| - financial liabilities held for trading | - | - |
| - financial liabilities at fair value | -19,500,000 | -6,000,000 |
| - other liabilities | -1,002,345 | -1,832,317 |
| Net cash flow generated/absorbed by operating activities | +7,491,403 | +5,995,556 |
| B. INVESTING ACTIVITIES | | |
| 1. Cash flow generated by | +303 | +1,750 |
| - sale of equity investments | - | - |
| - dividends from equity investments | - | - |
| - sale of financial assets held to maturity | - | - |
| - sale of property, plant and equipment | +303 | +1,750 |
| - sale of intangible assets | - | - |
| - sale of company divisions | - | - |
| 2. Cash flow absorbed by | -1,344,172 | -74,006 |
| - purchase of equity investment | -31,320 | - |
| - purchase of financial assets held to maturity | - | - |
| - purchase of property, plant and equipment | -1,222,738 | -60,501 |
| - purchase of intangible assets | -90,114 | -13,505 |
| - purchase of company divisions | - | - |
| Net cash flow generated/absorbed by operating activities | -1,343,869 | -72,256 |

| C. FINANCING ACTIVITIES | | |
|---|-------------------|-------------------|
| - issue/purchase of treasury shares | | |
| - issue/purchase of equity instruments | | |
| - distribution of dividends and other objectives | -6,148,461 | -5,923,520 |
| Net liquidity generated/absorbed by funding activities | -6,148,461 | -5,923,520 |
| NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD | -927 | -219 |

RECONCILIATION

| Balance items | First half of 2012 | First half of 2011 |
|--|---------------------------|---------------------------|
| Cash and cash equivalent at the beginning of the period | 4,538 | 3,388 |
| Net liquidity generated/absorbed during the period | -927 | -219 |
| Effect of exchange rate changes on cash and cash equivalents | | - |
| Cash and cash equivalents at the end of the period | 3,611 | 3,169 |

NOTES TO ACCOUNTS

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PART A

ACCOUNTING POLICES

A.1 GENERAL

SECTION 1 - STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

This half-yearly condensed report of Mediocredito Trentino – Alto Adige S.p.A. has been prepared in compliance with article 154-ter of Legislative Decree 58/1998 (Finance Code) which has incorporated into Italian law the so-called “Transparency Directive”¹³ and according to the rules set forth by IAS 34 “Interim Financial Reporting”.

The individual financial statements of Mediocredito Trentino – Alto Adige S.p.A. have been prepared in compliance with the applicable International Accounting Standards (IAS/IFRS) issued by the *International Accounting Standards Board*[®] and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission with EU regulation 1606/2002. The said financial statements have been prepared in a condensed form compared with the annual financial statements.

SECTION 2 – GENERAL PRINCIPLES OF PREPARATION

General aspects

The financial statements consist of the statement of financial position, the income statement, the statement of changes in equity, the cash flow statement¹⁴ and the notes to accounts¹⁵.

Also included is a Directors interim report on the management, the economic results and financial position of the Bank.

The financial statements are drawn up in euros, while information in the notes to accounts is expressed in thousands of euro, based on the application of the general principles set forth by IFRS 1: to this end, we refer to the prospective of the company as a going concern (par. 23), the accrual basis of accounting (par. 25 and 26), coherence in the presentation and classification of items (par. 27), the relevance and aggregation of items, the prohibition regarding offsetting, comparative information as well as the specific accounting principles endorsed by the European Commission and illustrated in Part A.2 of the Notes to Accounts. There were no exceptions to the application of IAS / IFRS.

Going concern assumption

The Bank of Italy, Consob and Isvap coordination forum on applying IASs/FRSs - with document no.2 of 6 February 2009 “Disclosure in financial reports on the going concern assumption, financial risks, tests of assets for impairment and uncertainties on the use of estimations”, and also with

¹³ Directive 2004/109/CE which was incorporated into Italian law by Legislative Decree 195/2007 which changed Legislative Decree 58/1998 (the so called Finance Code).

¹⁴ The cash flow statement is calculated using the “indirect method”, which means it is calculated by taking the company's net income and making a series of adjustments based on accounting conventions. Cash flow is split in cash flow deriving from operating activities, from investing activities and financing activities.

¹⁵ For ease of comparison the general layout and the tables used to illustrate the notes to financial statements follow the same format as that provided by the Bank of Italy for annual accounts.

document no. 4 of 3 March 2010 "Disclosure in financial reports on impairment of assets, clauses in debt contracts, debt restructuring and on the «fair value hierarchy»" - has asked directors to make an especially accurate assessment of whether the going concern assumption is appropriate.

To this purpose paragraphs 23-24 of IAS 1 state that: "When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern".

The current conditions of the financial markets, the real economy and the negative forecasts being made in relation to the short-medium term, requires that an especially accurate assessment be made of whether the going concern assumption is appropriate.

To this regard, the directors of Mediocredito Trentino–Alto Adige, after examining the risks and uncertainties that are correlated to the current macroeconomic context, confirm that they are reasonably certain that the Company will continue in operational existence in the foreseeable future and consequently have prepared the financial statements for the half-yearly period of 2012 on the basis of the going concern assumption.

They also confirm that they have not observed either in the economic and financial structure or in the business trend any symptom that might cast doubts on the ongoing concern assumption and of the actual income generating capacity.

SECTION 3 – EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

In the period following 30th June 2012 and the Statement of Financial Position date of approval, on the 7th and 8th of August 2012, the bank has signed agreements relating to the securitisation of loans BCC SME Finance 1 with the sale of loans to small and medium-sized enterprises for €150m. No other material events have occurred which could appreciably impinge on the Bank's activities, economic results and portfolio risk.

SECTION 4 – OTHER ASPECTS

Parent company

Exemption from the obligation to prepare consolidated financial statements: the Bank does not prepare consolidated financial statements as the consolidation of the subsidiary Paradisidue S.r.l. (assets as at 31/12/2011 of €2.8m) is not deemed significant to the improvement of the disclosures provided (IAS8 and paragraphs 26, 29, 30 and 44 of the "Framework for the Preparation and Presentation of Financial Statements" or "Framework"). The subsidiary owns a

building the value of which, appropriately assessed, corresponds to market values and the equity investment stated in the financial statements of the Bank to the amount of the net worth.

Auditing

PriceWaterhouseCoopers S.p.A. performs a limited audit of the half-yearly accounts.

Risk and uncertainties due to the use of estimates

The Bank has prepared completion of estimation processes which give support to the value of registration for the most relevant valuation items recorded in the financial accounts as at 30th June 2012, as foreseen by the current accounting principles as well as reference regulations. Such processes are largely based on an estimated future recovery concerning the Statement of Financial Position values, according to regulations dictated by the current norms and are carried out under the ongoing concern assumption, while leaving aside hypotheses about forced liquidation of items which are the subject of valuation. For this information we refer you to the report on operations.

Checks carried out, support the registered values of items mentioned on 30th June 2012, although the valuation processes, mostly linked to the credit portfolio, are considerably complex due to the current macro-economic and market context.

A.2 ILLUSTRATION OF MAIN ITEMS IN THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The criteria for classification, recognition, derecognition and measurement of the income components of assets and liabilities have not changed with respect to what is shown and approved in the annual report and accounts for the financial year 2011 and therefore we refer you to it for further information.

A.3 FAIR VALUE DISCLOSURES

A.3.1 TRANSFERS BETWEEN PORTFOLIOS

In the course of the first half of 2012, the Bank did not make any transfer of financial assets between portfolios and therefore this table is not reported.

A.3.2 FAIR VALUE HIERARCHY

A.3.2.1 Accounting portfolios: breakdown by fair value levels

| Financial assets/liabilities measured at fair value | 2012 | | | 2011 | | |
|---|----------------|----------------|---------------|---------------|----------------|---------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 1. Financial assets held for trading | | 56 | | | 634 | |
| 2. Financial assets at fair value | | | | | | |
| 3. Financial assets available for sale | 211,560 | 140,306 | 15,002 | 30,898 | 159,863 | 17,055 |
| 4. Hedging derivate assets | | - | | | - | |
| Total | 211,560 | 140,362 | 15,002 | 30,898 | 160,497 | 17,055 |
| 1. Financial liabilities held for trading | | 606 | | | 1,106 | |
| 2. Financial liabilities at fair value | | 19,483 | | | 38,956 | |
| 3. Hedging derivate liabilities | | 441 | | | 168 | |
| Total | | 20,530 | | | 40,230 | |

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

| | FINANCIAL ASSETS | | |
|---------------------------------|------------------|---------------|--------------------|
| | Held for trading | At fair value | Available for sale |
| 1. Opening balance | | | 17,055 |
| 2. Increases | | | 29 |
| 2.1 Purchases | | | 4 |
| 2.2 Profits in: | | | 25 |
| 2.2.1 Income statement | | | - |
| - of which: unrealised gain | | | - |
| 2.2.2 Equity | | | 25 |
| 2.3 Transfers from other levels | | | - |
| 2.4 Other increases | | | - |
| 3. Decreases | | | 2,082 |
| 3.1 Sales | | | 1,922 |
| 3.2 Redemptions | | | - |
| 3.3 Losses in: | | | 160 |
| 3.3.1 Income statement | | | 0 |
| - of which: unrealised losses | | | 0 |
| 3.3.2 Equity ¹ | | | 160 |
| 3.4 Transfers from other levels | | | - |
| 3.5 Other decreases | | | - |
| 4. Closing balance | | | 15,002 |

¹ Due to the deterioration of the investment in closed-end fund MC² Impresa for €78 thousand and the change in fair value of the investment in the Fondo Clesio for €82 thousand.

PART B

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

ASSETS

SECTION 1 – CASH AND CASH EQUIVALENTS - ITEM 10

1.1 Cash and cash equivalents: composition

| | 2012 | 2011 |
|---------------------------------------|----------|----------|
| a) Cash | 4 | 5 |
| b) Demand deposits with central banks | - | - |
| Total | 4 | 5 |

SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - ITEM 20

2.1 Financial assets held for trading: breakdown by sector

| Items | 2012 | | | 2011 | | |
|---|---------|-----------|---------|---------|------------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| A Financial assets | | | | | | |
| 1. Debt securities | | | | | | |
| 1.1 Structured securities | | | | | | |
| 1.2 Other securities | | | | | | |
| 2. Equity securities | | | | | | |
| 3. Investments in UCITS | | | | | | |
| 4. Loans | | | | | | |
| 4.1 Repurchase agreements | | | | | | |
| 4.2 Others | | | | | | |
| Total A | | | | | | |
| B Derivative instruments | | | | | | |
| 1. Financial derivatives | | 56 | | | 634 | |
| 1.1 trading | | | | | | |
| 1.2 related to fair value option ¹ | | 56 | | | 634 | |
| 1.3 others | | | | | | |
| 2. Credit derivatives | | | | | | |
| 2.1 trading | | | | | | |
| 2.2 related to fair value option | | | | | | |
| 2.3 others | | | | | | |
| Total B | | 56 | | | 634 | |
| Total (A+B) | | 56 | | | 634 | |

1 These consist of interest swaps with banks as counterparties and are associated to bonds issued by the Bank for which the fair value option has been elected; fair value is calculated omitting value changes due to credit worthiness changes and amounts to €141,000 in 2012 and €641,000 in 2011.

Financial assets held for trading: annual changes

| | Trading derivatives | Trading derivatives related to fair value option | Total |
|------------------------------------|------------------------|---|------------|
| A. Opening balance | - | 634 | 634 |
| B. Increases | - | 5 | 5 |
| B1. Issues | - | - | - |
| B2. Sales | - | - | - |
| B3. Positive changes in fair value | - | - | - |
| B4. Other changes | - | 5 | 5 |
| C. Decreases | - | 583 | 583 |
| C1. Purchases | - | - | - |
| C2. Redemptions | - | - | - |
| C3. Negative changes in fair value | - | 161 | 161 |
| C4. Other changes | - | 422 | 422 |
| D. Closing balance | - | 56 | 56 |

Items in "other changes" consist of changes to income/expenses in connection with these derivatives.

SECTION 4 – FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

4.1 Financial assets held for trading: breakdown by sector

| Items | 2012 | | | 2011 | | |
|----------------------------------|----------------|----------------|---------------|---------------|----------------|---------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 1. Debt securities ¹ | 211,455 | 140,306 | - | 30,819 | 159,863 | - |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 211,455 | 140,306 | - | 30,819 | 159,863 | - |
| 2. Equity instruments | 104 | - | 8,670 | 79 | - | 8,643 |
| 2.1 Measured at fair value | 104 | - | 8,087 | 79 | - | 8,064 |
| 2.2 Carried at cost ² | - | - | 583 | - | - | 579 |
| 3. Investments in UCITS. | - | - | 6,332 | - | - | 8,412 |
| 4. Loans | - | - | - | - | - | - |
| Total | 211,559 | 140,306 | 15,002 | 30,898 | 159,863 | 17,055 |

1 This item is made up of €195.8m in government bonds and €31.0m in bonds issued by banks (level 1) and €140.0m of bonds issued by banks (level 2) purchased by the Bank in order to use them as an appropriate reserve of liquid assets eligible for ECB's refinancing for €356.0m and as a guarantee for the securitisation operation started in 2009 for €10.8m.

2 Unlisted equity instruments carried at cost amounted to €0.6m in 2012 and in 2011: they consist of minority equity investments purchased at less than €1m for which a fair value cannot be estimated in a reliable manner.

4.2 Financial assets available for sale: breakdown by debtor/issuer

| Items | 2012 | 2011 |
|--|----------------|----------------|
| 1. Debt securities | 351,762 | 190,682 |
| a) Governments and central banks | 180,039 | 30,819 |
| b) Other public entities | - | - |
| c) Banks | 171,722 | 159,863 |
| d) Other issuers | - | - |
| 2. Equity instrument | 8,774 | 8,722 |
| a) Banks | 50 | 50 |
| b) Other issuers | 8,724 | 8,672 |
| - insurance companies | - | - |
| - financial corporations | 1,930 | 1,930 |
| - non-financial corporations | 6,794 | 6,742 |
| - others | - | - |
| 3. Investments in UCITS. ¹ | 6,332 | 8,412 |
| 4. Loans | - | - |
| a) Governments and central banks | - | - |
| b) Other public entities | - | - |
| c) Banks | - | - |
| d) Other issuers | - | - |
| Total | 366,868 | 207,816 |

1 This item is largely made up (€5.6m) of units of the closed-end investment fund "MC² Impresa" which invests mainly in unlisted financial instruments i.e. in shares, convertible bonds and other securities – mainly minority shareholdings but also majority shareholdings; it also includes portions of limited liability companies; furthermore it includes units of the closed-end real estate investment fund Clesio (€0.7m).

4.4 Financial assets available for sale: annual changes

| | Debt securities | Equity instrument | Investments in UCITS | Loans | Total |
|-------------------------------------|------------------|-------------------|----------------------|-------|----------------|
| A. Opening balance | 190,682 | 8,722 | 8,412 | - | 207,816 |
| B. Increases | 188,938 | 55 | - | - | 188,993 |
| B1. Purchases | 187,894 | 4 | - | - | 187,898 |
| B2. Positive changes in fair value | 431 | 25 | - | - | 456 |
| B3. Write-backs | - | 26 | - | - | 26 |
| - through profit or loss | - | - | - | - | - |
| - in equity | - | 26 | - | - | 26 |
| B4. Transfers from other portfolios | - | - | - | - | - |
| B5. Other changes | 613 ¹ | - | - | - | 613 |
| C. Decreases | 27,858 | 3 | 2,080 | - | 29,941 |
| C1. Sales | 19,979 | - | - | - | 19,979 |
| C2. Redemptions | 1,900 | 3 | 1,920 | - | 3,823 |
| C3. Negative changes in fair value | 5,707 | - | 82 | - | 5,789 |
| C4. Impairments | - | - | 78 | - | 78 |
| - through profit or loss | - | - | 0 | - | 0 |
| - in equity | - | - | 78 | - | 78 |
| C5. Transfers to other portfolios | - | - | - | - | - |
| C6. Other changes | 272 ² | - | - | - | 272 |
| D. Closing balance | 351,762 | 8,774 | 6,332 | - | 366,868 |

Further details on movements are provided in the Report on Operations.

1 This concerns the reversal to the Income Statement from negative reserves of the sale of securities issued by banks

2 This concerns the change in amortised cost for €256,000 and the capital loss from the sale of securities issued by banks for €17,000.

SECTION 6 – LOANS AND ADVANCES TO BANKS – ITEM 60

6.1 Break down of loans and advances to banks by sector

| Type of transaction/ Amounts | 2012 | 2011 |
|---|---------------|---------------|
| A. Deposits with central banks | - | - |
| 1. Time deposit | - | - |
| 2. For reserve requirements | - | - |
| 3. Repurchase agreements | - | - |
| 4. Other | - | - |
| B. Deposits with banks | 45,425 | 26,681 |
| 1. Current accounts and demand deposits | 9,768 | 20,107 |
| 2. Time deposit | 30,618 | 1,525 |
| 3. Other loans: | 8 | 8 |
| 3.1 Repurchase agreements | - | - |
| 3.2 Finance lease | - | - |
| 3.3 Others | 8 | 8 |
| 4. Debt securities ¹ | 5,031 | 5,041 |
| 4.1 Structured securities | - | - |
| 4.2 Other debt securities | 5,031 | 5,041 |
| Total (carrying value) | 45,425 | 26,681 |
| Total (fair value) | 45,425 | 26,681 |

¹ Debt securities consist of bonds issued by co-operative banks and purchased by the Bank in order to finance the borrowers.

Mediocredito has met its obligatory reserve requirements with the Bank of Italy indirectly by means of Cassa Centrale Banca S.p.A., with which it holds a deposit made specifically for this purpose, which equalled €394,000 on 30th June 2012 and is included in item B.2.

SECTION 7 - LOANS AND ADVANCES TO BANKING CUSTOMERS— ITEM 70

7.1 Breakdown of loans and advances to banking customers by sector

| Type of transaction/Amounts | 2012 | | 2011 | |
|---|------------------|----------------|------------------|----------------|
| | Performing | Impaired | Performing | Impaired |
| 1. Current accounts | 2,505 | - | 2,470 | - |
| 2. Repurchase agreements | - | - | - | - |
| 3. Mortgages | 898,988 | 106,068 | 926,898 | 86,268 |
| 4. Credit cards, personal loans including "one-fifth of salary deducted loan" | - | - | - | - |
| 5. Finance lease ¹ | 58,119 | 4,225 | 63,207 | 4,292 |
| 6. Factoring | - | - | - | - |
| 7. Other loans ² | 269,990 | 24,299 | 246,389 | 12,940 |
| 8. Debt securities | 32 | - | 31 | - |
| 8.1 Structured securities | - | - | - | - |
| 8.2 Other debt securities | 32 | - | 31 | - |
| Total (carrying value) | 1,229,634 | 134,592 | 1,238,995 | 103,500 |
| Total (fair value) | 1,185,578 | 134,592 | 1,189,210 | 103,500 |

1 The amount is net of the portion disbursed in relation to third-party funds, which is included in the item "other operations" to the amount of €5.3m in 2012 and €5.5m in 2011.

2 The amount also includes building leasing turnkey operations for the amount of €1.4m in 2012 and €0.2m in 2011.

7.2 Breakdown of loans and advances to banking customers by debtor/issuer

| Type of transaction/Amounts | 2012 | | 2011 | |
|--------------------------------------|------------------|----------------|------------------|----------------|
| | Performing | Impaired | Performing | Impaired |
| 1. Debt securities issued by: | 32 | - | 31 | - |
| a) Governments | - | - | - | - |
| b) Other public entities | - | - | - | - |
| c) Other issuers | 32 | - | 31 | - |
| - non-financial corporations | 32 | - | 31 | - |
| - financial corporations | - | - | - | - |
| - insurance companies | - | - | - | - |
| - others | - | - | - | - |
| 2. Loans to: | 1,229,602 | 134,592 | 1,238,964 | 103,500 |
| a) Governments | 100 | - | 100 | - |
| b) Other public entities | 110,312 | - | 93,379 | - |
| c) Other issuers | 1,119,190 | 134,592 | 1,145,485 | 103,500 |
| - non-financial corporations | 1,039,532 | 127,952 | 1,090,442 | 96,948 |
| - financial corporations | 50,893 | 4,527 | 25,076 | 4,400 |
| - insurance companies | - | - | - | - |
| - others | 28,765 | 2,114 | 29,967 | 2,152 |
| Total | 1,229,634 | 134,592 | 1,238,995 | 103,500 |

SECTION 10 – EQUITY INVESTMENTS – ITEM 100

10.1 Equity investments in subsidiaries, joint ventures or companies under significant influence: information on shareholders' equity

| Denomination | Office | held % | held % |
|---|--------------|---------|---------|
| A. Subsidiaries | | | |
| 1. Paradisidue S.r.l. | Trento | 100.000 | 100.000 |
| B. Joint ventures | | | |
| C. Companies under significant influence | | | |
| 1. Essedi Strategie d'Impresa Srl | Trento | 31.869 | 31.869 |
| 2. Biorendena Spa | Pinzolo (TN) | 20.000 | 20.000 |

10.2 Equity investments in subsidiaries, joint ventures or companies under significant influence: information on the accounts ¹

| Denomination | Total assets | Total revenues | Net profit (Loss) | Equity ² | Carrying values | Fair value ³ |
|---|--------------|----------------|-------------------|---------------------|-----------------|-------------------------|
| A. Subsidiaries | | | | | | |
| 1. Paradisidue S.r.l. | 2,841 | - | (12) | 11 | 11 | |
| B. Joint ventures | | | | | | |
| C. Companies under significant influence | | | | | | |
| 1. Essedi Strategie d'Impresa Srl | 3,078 | 1,240 | 67 | 226 | 72 | |
| 2. Biorendena Spa | 795 | - | (30) | 395 | 79 | |
| Total | 6,714 | 1,240 | 25 | 632 | 162 | |

1 Statement of Financial Position data as at 30/06/2012 for the subsidiary Paradisidue S.r.l., and as at 31/12/2011 for Essedi Strategie d'Impresa S.r.l. and Biorendena S.p.A..

2 Equity includes year-end profit and loss result.

3 The fair value of companies under significant influence is not shown as they are unlisted companies.

10.3 Equity investments: annual changes

| | 2012 | 2011 |
|------------------------------|------------|------------|
| A. Opening balance | 159 | 198 |
| B. Increases | 43 | 25 |
| B.1 Purchases | 31 | - |
| B.2 Write-backs | 12 | 25 |
| B.3 Revaluation | - | - |
| B.4 Other changes | - | - |
| C. Decreases | 41 | 64 |
| C.1 Sales | - | - |
| C.2 Write-downs | 41 | 64 |
| C.3 Other changes | - | - |
| D. Closing balance | 162 | 159 |
| E. Total revaluations | - | - |
| F. Total write-down | 202 | 173 |

10.6 Commitments referred to investments in subsidiaries

The Bank has granted to the subsidiary Paradisidue S.r.l. a loan account with a credit limit of €3.000m – for which the amount of €2.505m was been withdrawn as at 30 June 2012 for the purpose of acquiring a building in the context of a bankruptcy proceeding.

10.6 Commitments referred to investments in companies under significant influence

| | 2012 | 2011 |
|---|------|------|
| Unpaid calls on shares (equity investment in Biorendena S.p.A.) | - | 31 |

The payment of the remaining €31 thousand for shares in Biorendena S.p.A. was paid in the month of June 2012 and it is reported in table "10.3 Equity investments: annual changes" and item "B1.Purchases".

SECTION 11 – PROPERTY, PLANT AND EQUIPMENT – ITEM 110

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

| Assets/Amounts | 2012 | 2011 |
|---|---------------|---------------|
| A. Assets for operational use | | |
| 1.1 owned | 11,614 | 10,706 |
| a) land ¹ | 1,950 | 1,950 |
| b) buildings ² | 7,353 | 6,414 |
| c) furniture | 1,133 | 1,162 |
| d) IT equipment | 195 | 189 |
| e) others | 983 | 991 |
| 1.2 purchased under finance lease | - | - |
| a) land | - | - |
| b) buildings | - | - |
| c) furniture | - | - |
| d) IT equipment | - | - |
| e) others | - | - |
| Total A | 11,614 | 10,706 |
| B. Assets held for investment purposes | | |
| 2.1 owned | 116 | 116 |
| a) land ³ | 116 | 116 |
| b) buildings | - | - |
| 2.2 purchased under finance lease | - | - |
| a) land | - | - |
| b) buildings | - | - |
| Total B | 116 | 116 |
| Total (A+B) | 11,730 | 10,822 |

- 1 This is the historical cost of the land, fully owned by the Bank, on which the registered office in Trento stands; under the fifty-eighth paragraph of IAS 16 land is accounted for separately.
- 2 Subject to revaluation under special laws of which: €106,300 under Law 576/75, €409,600 under Law 72/83, €887,700 under Law 413/91 and €4,410.7m under Law 342/2000
- 3 This is a plot of land obtained as a result of debt recovery proceedings.

Depreciation of property, plant and equipment was calculated on the basis of the following annual depreciation charges which are deemed to adequately express the residual useful life of the assets.

Land..... not depreciated (indefinite useful life)
Lands incorporated from buildings owned..... not depreciated (indefinite useful life)
Buildings for operational use..... 3.00%

Movables, plant and machinery 12.00%
Air conditioning and various equipment 15.00%
Plants and lifts..... 7.50%
Furnishings 15.00%
Electronic equipment 20.00%
Cars and motor vehicles..... 25.00%
Telephones..... 12.50%

11.3 Assets for operational use: annual changes

| | Land | Buildings | Furnishing | IT equipment | Other | Total |
|--|--------------|---------------|--------------|-----------------|--------------|---------------|
| A. Gross opening balance | 1,950 | 10,700 | 2,426 | 640 | 2,400 | 18,116 |
| A.1 Net decreases | - | 4,286 | 1,264 | 451 | 1,409 | 7,410 |
| A.2 Net opening balance | 1,950 | 6,414 | 1,162 | 189 | 991 | 10,706 |
| B. Increases: | - | 1,085 | 117 | 22 | 78 | 1,302 |
| B.1 Purchases | - | 1,085 | 51 | 22 | 65 | 1,223 |
| B.2 Capitalised expenditure on improvements | - | - | - | - | - | - |
| B.3 Write-backs | - | - | - | - | - | - |
| B.4 Positive fair value changes booked to | - | - | - | - | - | - |
| a) equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| B.5 Exchange gains | - | - | - | - | - | - |
| B.6 Transfers from property held for investment purposes | - | - | - | - | - | - |
| B.7 Other changes | - | - | 66 | - | 13 | 79 |
| C. Decreases: | - | 146 | 145 | 16 | 86 | 393 |
| C.1 Sales ¹ | - | - | 60 | - | 11 | 71 |
| C.2 Depreciation | - | 146 | 79 | 16 | 73 | 314 |
| C.3 Impairment charges booked to | - | - | - | - | - | - |
| a) equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| C.4 Negative fair value changes booked to | - | - | - | - | - | - |
| a) equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| C.5 Exchange losses | - | - | - | - | - | - |
| C.6 Transfers to: | - | - | - | - | - | - |
| a) property held for investment purposes | - | - | - | - | - | - |
| b) assets held for sale | - | - | - | - | - | - |
| C.7 Other changes | - | - | 6 | - | 2 | 8 |
| D. Net closing balance | 1,950 | 7,353 | 1,133 | 195 | 983 | 11,614 |
| D.1 Total net write-downs | - | 4,432 | 1,278 | 467 | 1,469 | 7,646 |
| D.2 Gross closing balance | 1,950 | 11,785 | 2,411 | 662 | 2,452 | 19,260 |
| E. Carried at cost | - | - | - | - | - | - |

1 The values shown in "Sales" refer to the sale of fully amortised assets whose cash flow, coinciding with the capital gain amounting to €0.3 thousand, is shown in the cash flow statement under "Cash flow generated by sale of property, plant and equipment. For balancing purposes (for item "Total net write-downs") the change of the amortisation fund related to such assets, of equal amount, has been shown in entry "B.7 – other increases".

All assets for operational use are carried at cost inclusive of monetary revaluation under special laws.

11.4 Property held for investment purposes: annual changes

No changes were recorded during the period in relation to property held for investment purposes (carried at cost). Gross opening balance, net opening balance, gross closing balance and net closing balance and also the valuation at fair value, equal to €116,000.

11.5 Commitments to purchase property, plant and equipment (IAS 16/74.c)

Contractual commitments for purchasing property, plant and equipment concern:

- the closing of operations for the construction of new data centre at the headquarters in Via Paradisi in Trento, for an approximate total of €180,000 (for installations and building works), for which advances had already been paid to the value of €157,000;
- the contract for the renovation work on the external facades of the building in Via Paradisi, 1 in Trento, the Bank's Headquarters. This intervention was not completed during the first half of 2012 and has a cost of approximately €200 thousand, of which advances already paid amount to €110 thousand;
- the contract (signed on 07.25.2012) for the improvement work to the parking lot outside the Trento office, for a total of approximately €140 thousand.

SECTION 12 – INTANGIBLE ASSETS – ITEM 120

12.1 Intangible assets: breakdown by type of assets

| Assets/Amounts | 2012 | | 2011 | |
|---|------------------|--------------------|------------------|--------------------|
| | Limited duration | Unlimited duration | Limited duration | Unlimited duration |
| A.1 Goodwill | | | | |
| A.2 Other intangible assets | 629 | - | 700 | - |
| A.2.1 Assets carried at cost: | 629 | - | 700 | - |
| a) Intangible assets generated internally | - | - | - | - |
| b) Other assets | 629 | - | 700 | - |
| A.2.2 Assets carried at fair value | - | - | - | - |
| a) Intangible assets generated internally | - | - | - | - |
| b) Other assets | - | - | - | - |
| Total | 629 | - | 700 | - |

Depreciation was calculated on the basis of the expected useful life at a percentage of 33.33% with regard to application software and on the basis of the duration of the outsourcing contract (5 years) with regard to the cost of software for the company's new IT system.

12.2 Intangible assets: annual changes

| | Goodwill | Other intangible assets: Generated internally | | Other intangible assets: Other | | Total |
|--|----------|--|--------------------|-----------------------------------|--------------------|--------------|
| | | Limited duration | Unlimited duration | Limited duration | Unlimited duration | |
| A. Gross opening balance | - | - | - | 2,748 | - | 2,748 |
| A.1 Net decreases | - | - | - | 2,048 | - | 2,048 |
| A.2 Net opening balance | - | - | - | 700 | - | 700 |
| B. Increases | - | - | - | 90 | - | 90 |
| B.1 Purchases | - | - | - | 90 | - | 90 |
| B.2 Increase in intangible assets generated internally | - | - | - | - | - | - |
| B.3 Write-backs | - | - | - | - | - | - |
| B.4 Positive fair value changes booked to | - | - | - | - | - | - |
| a) equity | - | - | - | - | - | - |
| b) income statement | - | - | - | - | - | - |
| B.5 Exchange gains | - | - | - | - | - | - |
| B.6 Other changes | - | - | - | - | - | - |
| C. Decreases | - | - | - | 161 | - | 161 |
| C.1 Sales | - | - | - | - | - | - |
| C.2 Value adjustments | - | - | - | 161 | - | 161 |
| - Amortisations | - | - | - | 161 | - | 161 |
| - Depreciations: | - | - | - | - | - | - |
| + equity | - | - | - | - | - | - |
| + income statement | - | - | - | - | - | - |
| C.3 Negative changes in fair value booked to: | - | - | - | - | - | - |
| - equity | - | - | - | - | - | - |
| - income statement | - | - | - | - | - | - |
| C.4 Transfer to non-current assets held for sale | - | - | - | - | - | - |
| C.5 Exchange losses | - | - | - | - | - | - |
| C.6 Other changes | - | - | - | - | - | - |
| D. Net closing balance | - | - | - | 629 | - | 629 |
| D.1 Net adjustment values | - | - | - | 2,209 | - | 2,209 |
| E. Gross closing balance | - | - | - | 2,838 | - | 2,838 |
| F. Carried at cost | - | - | - | - | - | - |

Intangible assets are carried at cost.

SECTION 13 – TAX ASSETS AND TAX LIABILITIES - ITEM 130 OF ASSETS AND ITEM 80 OF LIABILITIES

13.1 Deferred tax assets: breakdown

| | 2012 | 2011 |
|--|--------------|--------------|
| | 5,805 | 4,192 |
| A. With contra-entry to income statement | 2,408 | 2,328 |
| Payroll | 41 | 41 |
| Adjustment to/Impairment of loans deductible in future years | 1,937 | 1,868 |
| Depreciation of buildings for operational use | 30 | 27 |
| Other | 400 | 392 |
| B. With contra-entry to equity | 3,397 | 1,864 |
| IRS Cash Flow Hedge valuation | 122 | 59 |
| Financial assets held for sale at fair value | 3,275 | 1,805 |

13.2 Deferred tax liabilities: breakdown

| | 2012 | 2011 |
|---|--------------|--------------|
| | 7,034 | 7,087 |
| A. With contra-entry to income statement | 6,830 | 6,830 |
| Reserve for loan losses | 5,530 | 5,530 |
| Loans and advances write-down exceeding the tax deductibility limit | 1,167 | 1,167 |
| Depreciation of buildings for operational use | 110 | 110 |
| Change in provision for severance indemnities | 23 | 23 |
| B. With contra-entry to equity | 204 | 257 |
| Financial assets held for sale at fair value | 204 | 257 |

Percentages used in the calculation of deferred taxes:

for IRES: 27.50%;
for IRAP: 4.65%¹⁶.

¹⁶ A rate of 4.65% was applied for the determination of deferred tax assets and liabilities, as the reduction of 0.20% set by the L.P. Trento 16 May 2012 no. 9 only works for 2012 and it is believed that such taxes will be used in subsequent years following on from 2012.

13.3 Change in deferred tax assets (with contra-entry to income statement)

| | 2012 | 2011 |
|--|-----------------|--------------|
| 1. Opening balance | 2,328 | 1,991 |
| 2. Increases | 183 | 495 |
| 2.1 Deferred tax assets recognised during the year | 158 | 491 |
| a) related to previous years | - | - |
| b) due to change in accounting policies | - | - |
| c) write backs | - | - |
| d) others | 158 | 491 |
| 2.2 New taxes or increases in tax rates | - | 4 |
| 2.3 Other increases | 25 ¹ | - |
| 3. Decreases | 103 | 158 |
| 3.1 Deferred tax assets derecognised during the period | 103 | 133 |
| a) reversals | 103 | 133 |
| b) written down as now considered unrecoverable | - | - |
| c) change in accounting policies | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases | - | 25 |
| 4. Closing balance | 2,408 | 2,328 |

- 1 The amount refers to the recovery of deferred tax assets paid in 2011, following the recovery in value recorded in contra-entry to income statement of an equity available for sale, which in 2012 suffered an impairment. In 2011, the reversal of deferred tax assets is shown in item 3.3.

13.4 Change in deferred tax liabilities (with contra-entry to income statement)

| | 2012 | 2011 |
|--|--------------|--------------|
| 1. Opening balance | 6,830 | 6,841 |
| 2. Increases | 0 | 0 |
| 2.1 Deferred tax assets recognised during the period | - | - |
| a) related to previous periods | - | - |
| b) due to change in accounting policies | - | - |
| c) others | - | - |
| 2.2 New taxes or increases in tax rates | 0 | 0 |
| 2.3 Other increases | - | - |
| 3. Decreases | 0 | 11 |
| 3.1 Deferred tax assets derecognised during the period | 0 | 11 |
| a) reversals | 0 | 11 |
| b) due to change in accounting policies | - | - |
| c) others | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases | - | - |
| 4. Final balance | 6,830 | 6,830 |

13.5 Change in deferred tax assets (with contra-entry to equity)

| | 2012 | 2011 |
|--|--------------|--------------|
| 1. Opening balance | 1,864 | 2 |
| 2. Increase | 1,832 | 1,863 |
| 2.1 Deferred tax assets recognised during the period | - | 1,863 |
| a) related to previous periods | - | - |
| b) due to change in accounting policies | - | - |
| c) others | 1,832 | 1,863 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| 3. Decreases | 299 | 1 |
| 3.1 Deferred tax assets derecognised during the period | 299 | 1 |
| a) reversals | 299 | 1 |
| b) written down as now considered unrecoverable | - | - |
| c) due to change in accounting policies | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases | - | - |
| 4. Final balance | 3,397 | 1,864 |

13.6 Change in deferred tax liabilities (with contra-entry to equity)

| | 2012 | 2011 |
|---|------------|------------|
| 1. Opening balance | 257 | 121 |
| 2. Increases | 40 | 228 |
| 2.1 Deferred tax liabilities recognised during the period | 40 | 224 |
| a) related to previous periods | - | - |
| b) due to change in accounting policies | - | - |
| c) others | 40 | 224 |
| 2.2 New taxes or increases in tax rates | 0 | 4 |
| 2.3 Other increases | - | - |
| 3. Decreases | 93 | 92 |
| 3.1 Deferred tax liabilities derecognised during the period | 93 | 67 |
| a) reversals | 93 | 67 |
| b) due to change in accounting policies | - | - |
| c) others | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases | 0 | 25 |
| 4. Final balance | 204 | 257 |

13.7 Other information

The item "current tax assets" amounts to €54,000 and relates to the net balance of amounts paid to (€1.822m) and due to (€1.768m) the Revenue with regard to IRES and IRAP; in 2011 the balance of amount paid (€4.185m) and amount due (€4.557m) was included under "current tax liabilities" for €372,000.

SECTION 15 – OTHER ASSETS – ITEM 150

15.1 Other assets: breakdown

| | 2012 | 2011 |
|--|---------------|---------------|
| Illiquid assets | 11,729 | 10,043 |
| Amounts due in relation to syndicated transactions | 571 | - |
| Accrued income and prepayments | 347 | 206 |
| Amounts due from subsidiary Paradisidue Srl | 296 | 295 |
| Advances to suppliers for the purchase of property and equipment | 267 | - |
| Amounts due for unpaid commissions | 202 | 215 |
| Tax assets (indirect taxes and substitute tax) | 135 | 212 |
| Amounts due in relation to invoices (issued and not) | 118 | 113 |
| Various prepayments and advances | 115 | 165 |
| Other items with financing suspended | 115 | 121 |
| Receivables for contributions | 41 | 27 |
| Leasehold improvements | 12 | 14 |
| Deposit for purchase of new building for branch in Treviso | - | 358 |
| Other items | 15 | 20 |
| Total | 13,963 | 11,789 |

LIABILITIES

SECTION 1 – AMOUNT DUE TO BANKS – ITEM 10

1.1 Amounts due to banks: breakdown by sector

| Type of transaction/Amounts | 2012 | 2011 |
|---|----------------|----------------|
| 1. Amounts due to central banks | 300,995 | - |
| 2. Amounts due to banks | 404,736 | 414,855 |
| 2.1 Current accounts and demand deposits | 37,501 | - |
| 2.2 Time deposits | 66,527 | 79,439 |
| 2.3 Loans | 300,708 | 335,416 |
| 2.3.1 Repurchase agreements | - | - |
| 2.3.2 Others | 300,708 | 335,416 |
| 2.4 Liabilities in respect of commitments to repurchase treasury shares | - | - |
| 2.5 Other debts | - | - |
| Total | 705,731 | 414,855 |
| Fair value | 649,421 | 393,036 |

- 1 In 2011 item 2.3.2 includes the amount of €110m related to two loans (with duration of 3M and 3Y) received from the European Central Bank - brokered by Cassa Centrale Banca, as per the Bank of Italy's indications in February 2012. As at 30 June 2012 such financing amounted to €82.4m with duration 3Y, while the borrowing activities of LTRO directed to the Central Bank is reported under item 1.

SECTION 2 – AMOUNTS DUE TO BANKING CUSTOMERS – ITEM 20

2.1 Amounts due to banking customers: breakdown by sector

| Type of transaction/Amounts | 2012 | 2011 |
|--|----------------|----------------|
| 1. Current accounts and demand deposits | 4,062 | 2,318 |
| 2. Time deposit | 43,733 | 70,783 |
| 3. Loans | 58,595 | 58,648 |
| 3.1 Repurchase agreements | - | - |
| 3.2 Others | 58,595 | 58,648 |
| 4. Liabilities in respect of commitments to repurchase treasury shares | - | - |
| 5. Other amounts due ¹ | 56,405 | 57,520 |
| Total | 162,795 | 189,269 |
| Fair value | 161,102 | 187,522 |

- 1 Sub-item "Other amounts due" includes funds managed on behalf of third parties for the amount of €56,080 thousand in 2012 and €57,192 thousand in 2011.

SECTION 3 – DEBT SECURITIES IN ISSUE – ITEM 30

3.1 Debt securities in issue: breakdown by sector

| Type of transaction/ Amounts | 2012 | | | 2011 | | | | |
|---------------------------------|----------------|-------------------------|-----------|-----------|----------------|-------------------------|-----------|-----------|
| | Book value | Fair value ² | | | Book Value | Fair value ² | | |
| | | Lev. 1 | Lev. 2 | Lev. 3 | | Lev. 1 | Lev. 2 | Lev. 3 |
| A. Securities | | | | | | | | |
| 1. Bonds | 721,384 | 716,424 | | | 754,580 | 750,392 | | |
| 1.1 structured | - | - | | | - | - | | |
| 1.2 others | 721,384 | 716,424 | | | 754,580 | 750,392 | | |
| 2. Other securities | 30 | 30 | | | 30 | 30 | | |
| 2.1 structured | - | - | | | - | - | | |
| 2.2 others ¹ | 30 | 30 | | | 30 | 30 | | |
| Total | 721,414 | 716,454 | | | 754,610 | 750,422 | | |

1 This item is made up of matured but not redeemed certificates of deposit (not cashed by customers).

2 The Fair Value of debt securities in issue is classified under level 2 because it is determined using measurement models based on market parameters (interest rate curves) other than quotations of the financial instrument. This also refers to bonds that had been issued in the context of the EMTN programme and that are listed on the Luxemburg stock exchange which, according to the rules adopted by the Bank in relation to fair value hierarchy, does not make continuously available at least two recent executable prices with a bid-ask spread under an interval deemed to be congruous.

3.3 Debt securities in issue: securities subject to micro-hedging

| | 2012 | 2011 |
|---|---------------|---------------|
| 1. Debt securities subject to fair value hedging: | - | - |
| a) interest rate risk | - | - |
| b) exchange rate risk | - | - |
| c) other risks | - | - |
| 2. Debt securities subject to cash flow hedging: | 50,292 | 50,371 |
| a) interest rate risk ¹ | 50,292 | 50,371 |
| b) exchange rate risk | - | - |
| c) other risks | - | - |

1 This is the amortised cost proportional to the amount of bonds covered by IRS under cash flow hedges with a notional value of €50m.

SECTION 4 – FINANCIAL LIABILITIES HELD FOR TRADING – ITEM 40

4.1 Financial liabilities held for trading: breakdown by sector

| Type of transaction/Amount | 2012 | | | | | 2011 | | | | |
|-------------------------------------|---------------|--------|------------|--------|-----------|---------------|--------|--------------|--------|------------|
| | NV | FV | | | FV * | NV | FV | | | FV * |
| | | Lev. 1 | Lev. 2 | Lev. 3 | | | Lev. 1 | Lev. 2 | Lev. 3 | |
| A. Financial liabilities | | | | | | | | | | |
| 1. Amounts due to banks | | | | | | | | | | |
| 2. Amounts due to banking customers | | | | | | | | | | |
| 3. Debt securities | | | | | | | | | | |
| 3.1 Bonds | | | | | | | | | | |
| 3.1.1 structured | | | | | | | | | | |
| 3.1.2 other bonds | | | | | | | | | | |
| 3.2 Other securities | | | | | | | | | | |
| 3.2.1 structured | | | | | | | | | | |
| 3.2.2 others | | | | | | | | | | |
| Total A | | | | | | | | | | |
| B. Derivative instruments | | | | | | | | | | |
| 1. Financial derivatives | 21,241 | | 606 | | 99 | 21,424 | | 1,107 | | 176 |
| 1.1 held for trading | 1,241 | | 72 | | 72 | 1,424 | | 75 | | 75 |
| 1.2 relating to fair value option | 20,000 | | 534 | | 27 | 20,000 | | 1,032 | | 101 |
| 1.3 others | | | | | | | | | | |
| 2. Credit derivatives | | | | | | | | | | |
| 2.1 held for trading | | | | | | | | | | |
| 2.2 relating to fair value option | | | | | | | | | | |
| 2.3 others | | | | | | | | | | |
| Total B | 21,241 | | 606 | | 99 | 21,424 | | 1,107 | | 176 |
| Total (A+B) | 21,241 | | 606 | | 99 | 21,424 | | 1,107 | | 176 |

Legend

FV = fair value

FV* = fair value calculated without including value changes due to change in creditworthiness of issuer since the date of issue

NV = nominal value or notional value

Trading financial liabilities: annual changes

| | Trading derivatives | Trading derivatives relating to the fair value option | Total |
|------------------------------------|---------------------|---|--------------|
| A. Opening balance | 75 | 1.032 | 1.107 |
| B. Increases | 1 | - | 1 |
| B1. Issues | - | - | - |
| B2. Sales | - | - | - |
| B3. Positive changes in fair value | - | - | - |
| B4. Other changes | 1 | - | 1 |
| C. Decreases | 4 | 498 | 502 |
| C1. Purchases | - | - | - |
| C2. Redemptions | - | - | - |
| C3. Negative changes in fair value | 4 | 419 | 423 |
| C4. Other changes | - | 79 | 79 |
| D. Closing balance | 72 | 534 | 606 |

Item "other changes" consists of changes to income/expenses in connection with the said derivatives.

SECTION 5 – FINANCIAL LIABILITIES AT FAIR VALUE – ITEM 50

5.1 Financial liabilities at fair value: breakdown by sector

| Type of transaction/Amount | 2012 | | | | | 2011 | | | | |
|---|---------------|---------------|--------|--------|---------------|---------------|---------------|--------|--------|---------------|
| | NV | FV | | | FV * | NV | FV | | | FV * |
| | | Lev. 1 | Lev. 2 | Lev. 3 | | | Lev. 1 | Lev. 2 | Lev. 3 | |
| 1. Amount due to banks | | | | | | | | | | |
| 1.1 Structured | | | | | | | | | | |
| 1.2 Others | | | | | | | | | | |
| 2. Amount due to banking customers | | | | | | | | | | |
| 2.1 Structured | | | | | | | | | | |
| 2.2 Others | | | | | | | | | | |
| 3. Debt securities | 20,000 | 19,483 | | | 20,219 | 39,500 | 38,956 | | | 40,247 |
| 3.1 Structured | 10,000 | 9,380 | | | | 29,500 | 29,178 | | | |
| 3.2 Others | 10,000 | 10,103 | | | | 10,000 | 9,778 | | | |
| Total | 20,000 | 19,483 | | | 20,219 | 39,500 | 38,956 | | | 40,247 |

Legend

Lev. = level

FV = fair value

FV* =fair value calculated without including value changes due to change in creditworthiness of issuer since the date of issue

NV = nominal value or notional value

The cumulative change in fair value, due to changes in the creditworthiness of Mediocredito, is negative and amounts to €736 thousand.

The Bank has adopted measurement at fair value (the Fair Value Option) for €20.0m of bond issues hedged by derivative instruments with the aim of improving the information content of the Financial Statements and in order to eliminate the accounting mismatch in the recognition of components attributable to the interest margin (interest income and expenses) and in the recognition and measurement of profits and losses deriving from the measurement of hedged bonds according to the amortised cost method and instruments held as fair value hedges.

5.3 Financial liabilities at fair value: annual changes

| | Amount due to banks | Amounts due to banking customers | Debt securities | Total |
|------------------------------------|---------------------|----------------------------------|-----------------|---------------|
| A. Opening balance | - | - | 38,956 | 38,956 |
| B. Increases | - | - | 489 | 489 |
| B1. Issues | - | - | - | - |
| B2. Sales | - | - | - | - |
| B3. Positive changes in fair value | - | - | 467 | 467 |
| B4. Other changes | - | - | 22 | 22 |
| C. Decreases | - | - | 19,962 | 19,962 |
| C1. Purchases | - | - | - | - |
| C2. Redemptions | - | - | 19,500 | 19,500 |
| C3. Negative changes in fair value | - | - | - | - |
| C4. Other changes | - | - | 462 | 462 |
| D. Closing balance | - | - | 19,483 | 19,483 |

Item "other changes" consists of changes to income/expenses in connection with the said derivatives.

SECTION 6 – HEDGE DERIVATIVES – ITEM 60

6.1 Hedging derivatives: breakdown by type of coverage and hierarchical levels

| | Fair Value 2012 | | | NV 2012 | Fair Value 2011 | | | NV 2011 |
|---------------------------------|-----------------|------------|---------|---------------|-----------------|------------|---------|---------------|
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| A) Financial derivatives | | 441 | | 50,000 | | 168 | | 50,000 |
| 1) Fair value | | - | | | | | | |
| 2) Cash flows | | 441 | | 50,000 | | 168 | | 50,000 |
| 3) Foreign investments | | | | | | | | |
| B. Credit derivatives | | | | | | | | |
| 1) Fair value | | | | | | | | |
| 2) Cash flows | | | | | | | | |
| Total | | 441 | | 50,000 | | 168 | | 50,000 |

Legend

NV = nominal value or notional value

Hedging derivatives refer to cash flow hedges on floating rate bonds issued by the Bank, through interest rate swap.

SECTION 8 – TAX LIABILITIES – ITEM 80

See section 13 of Assets.

SECTION 10 – OTHER LIABILITIES – ITEM 100

10.1 Other liabilities: breakdown

| | 2012 | 2011 |
|--|--------------|--------------|
| Amounts due to third parties ¹ | 1,385 | 1,092 |
| Items in processing ² | 1,210 | 1,540 |
| Amounts due to suppliers | 601 | 1,115 |
| Withholdings made as tax collection agent | 436 | 485 |
| Payables for contributions | 364 | 359 |
| Commission fees to be paid | 309 | 378 |
| Accrued liabilities and deferred income ³ | 258 | 41 |
| Withholdings on employee compensation | 196 | 236 |
| Provision for guarantees issued | 15 | 17 |
| Other liabilities | 26 | 61 |
| | 4,800 | 5,324 |

- 1 These mainly refer to: €508 thousand to be paid to participants in syndicated transactions led by Mediocredito, €275 thousand for monetisation of employees' leave credits, €125 thousand for 2012 bonuses and €30 thousand for rewarding the extra time of managerial staff.
- 2 This item includes transfers yet to be credited to correspondents for the amount of €394 thousand in 2012 and €859 thousand in 2011.
- 3 In 2012, this item includes accrued expenses on commissions due to the Italian state for the guarantee on the securities issued by the Bank, for €243 thousand.

SECTION 11 – PROVISION FOR SEVERANCE INDEMNITIES – ITEM 110

11.1 Provision for severance indemnities: annual changes

| | 2012 | 2011 |
|-------------------------------|--------------|--------------|
| A. Opening balance | 1,679 | 1,495 |
| B. Increase | 101 | 184 |
| B.1 Provisions for the period | 101 | 184 |
| B.2 Other increases | - | - |
| C. Decreases | - | - |
| C.1 Indemnities paid | - | - |
| C.2 Other decreases | - | - |
| D. Closing balance | 1,780 | 1,679 |

SECTION 12 – PROVISIONS FOR RISKS AND CHARGES – ITEM 120

12.1 Provisions for risks and charges: breakdown

| Item/Amounts | 2012 | 2011 |
|---|--------------|--------------|
| 1 Post retirement benefit obligations | - | - |
| 2. Other provisions for risks and charges | 1,874 | 1,931 |
| 2.1 legal disputes | 657 | 789 |
| 2.2 personnel expenses | 75 | 150 |
| 2.3 others | 1,142 | 992 |
| Total | 1,874 | 1,931 |

12.2 Provisions for risks and charges: annual changes

| | Post retirement benefit obligations | Other funds | Total |
|--|--|--------------|--------------|
| A. Initial balance | - | 1,931 | 1,931 |
| B. Increases | - | 375 | 375 |
| B.1 Provisions for the period ¹ | - | 75 | 75 |
| B.2 Changes over time | - | - | - |
| B.3 Changes due to discount rate adjustments | - | - | - |
| B.4 Other increases ² | - | 300 | 300 |
| C. Decreases | - | 432 | 432 |
| C.1 Use during the period ³ | - | 432 | 432 |
| C.2 Changes due to discount rate adjustments | - | - | - |
| C.3 Other decreases | - | - | - |
| D. Final balance | - | 1,874 | 1,874 |

1 This amount is made up of provisions for the personnel incentive scheme.

2 This amount relates to the portion of the net income for the year that is at the disposal of the Board of Directors for undertakings as per Article 21.

3 The amount refers to €150 thousand for donations to initiatives under art. Articles 21 of the By-laws, to €150 in provision for staff to fund the personnel incentive scheme based on results achieved in 2011 and €132 thousand to cover the disbursement resulting from the negative outcome for the Bank of a litigation process.

12.4 Provisions for risks and charges: other provisions

Item "legal disputes" is made up of sums set aside mainly in connection with revocatory actions under disputes.

Item "other" covers the total amount of the fund under Article 21 of the By-laws which is at the disposal of the Board of Directors for supporting initiatives in social-economic, research, study, charitable and promotional fields.

Item "personnel expenses" is made up of amounts set aside to cover the cost of the personnel incentive schemes.

SECTION 14 – EQUITY OF THE COMPANY – ITEMS 130, 150, 160, 170, 180, 190, 200

14.1 "Capital stock" and "Treasury shares": breakdown

The capital stock, fully paid up, is set at an amount of €58,484,608 represented by 112,470,400 ordinary shares at €0.52 each.

14.2 Capital stock – Number of shares: annual changes

The number of shares, fully paid-up, did not change in the course of the first half of the year.

OTHER INFORMATION

1. Guarantees issued and commitments

| Operations | 2012 | 2011 |
|---|---------------|---------------|
| 1) Financial guarantees given to | 1,036 | 1,036 |
| a) Banks ¹ | 1,036 | 1,036 |
| b) Banking customers | - | - |
| 2) Commercial guarantees given to | 9,515 | 9,830 |
| a) Banks | - | - |
| b) Banking customers | 9,515 | 9,830 |
| 3) Irrevocable commitments to disburse funds | 9,078 | 13,681 |
| a) Banks | | |
| i) a certain usage | | |
| ii) an uncertain usage | | |
| b) Banking customers | 9,078 | 13,681 |
| i) a certain usage | - | 31 |
| ii) an uncertain usage | 9,078 | 13,650 |
| 4) Commitments underlying credit derivatives: sales of protection | | |
| 5) Assets used to guarantee third party obligations | | |
| 6) Other commitments | | |
| Total | 19,629 | 24,547 |

1 The item includes the commitment of €3 thousand Interbank Fund for Deposit Protection against interventions estimated but not yet approved. This amount is recorded amongst the guarantees to banks in accordance with the provisions of the Bank of Italy Circular n. 262/2005 § 2.7.25.

2. ASSETS USED TO GUARANTEE OWN LIABILITIES AND COMMITMENTS

| Portfolios | 2012 | 2011 |
|--|---------|---------|
| 1. Financial assets held for trading | - | - |
| 2. Financial assets at fair value | - | - |
| 3. Financial assets available for sale | 218,322 | 144,531 |
| 4. Financial assets held to maturity | - | - |
| 5. Loans and advances to banks | - | - |
| 6. Loans and advances to customers | - | - |
| 7. Property, plant and equipment | - | - |

Eurosystem credit operations

The Bank has entered into two liability funding operations with the counterparty Cassa Centrale Banca (which acts as a broker for refinancing at the ECB) for a total face value of €382m, guaranteed by securities classified as financial assets available for sale (Item 3. Table 2.), in addition to other securities not reported in the balance sheet, of which:

- €82.0m is guaranteed by securities for an operation concluded on 22/12/2011 (due to expire on 29/01/2015);
- €300.0m is guaranteed by securities for an operation concluded on 01/03/2012 (due to expire on 26/02/2015).

As required by IFRS 7 § 14 we state the following:

- a) With the abovementioned contracts, the Bank has transferred the securities used as a guarantee in the property of the counterparty. Such securities, with their full value and related appurtenances, act as full guarantee for the funding and any other amounts due to the counterparty arising from the financing operation, although not liquid or payable, arising before or after disbursement;
- b) the value of the guarantee deposit is determined by deducting from the market value, the haircut defined by the European Central Bank ("haircut") for the specific activities, as well as an additional haircut defined by Cassa Centrale Banca, which acts as a broker.

Own liabilities guaranteed by securities not reported in the balance sheet

At the end of the first half of the year, the Bank has filed with the Bank of Italy securities for a nominal value of €67.8m that are not reported in the balance sheet. These securities are partly committed to securing funding for €300m for an operation concluded on of 01/03/2012 (see § "Eurosystem credit operations")

During the year the Bank also issued and subscribed bonds guaranteed by the Italian state for €185m: these Securities, which are not reported in the balance sheet and have been filed with the

Bank of Italy, are also partially committed to securing funding for €300m for the operation concluded on of 01/03/2012 (see § "Eurosysteem credit operations").

Own liabilities guaranteed by loans to customers

The Bank has entered into several contracts of debt assignment (relative to public works financing) with the EIB in order to guarantee two loans signed on 28 November 2005 and 9 December 2008 respectively.

According to the requirements of IFRS 7.14 we state that:

- a. the total book value of the financial assets pledged as collateral amounts to €40.0m in relation to the contract signed on 28 November 2005 and to €24.7m in relation to the contract signed on 9 December 2008;
- b. by signing the above mentioned contracts the Bank irrevocably assigned with recourse to the EIB amounts owed by the municipalities as a guarantee of the full and punctual execution of its financial obligation towards the EIB arising from the loan contracts. The object of the said contracts debt assignment is an amount equal to 110% of the remaining amount of the loan granted by the EIB after each partial repayment made by the Bank, in accordance with the terms of the contract;
- c. according to the contract signed on 28 November 2005, the assignation of debts would take effect only in the case of a default from the Bank to fulfil its obligations to the EIB arising from the said loan contract (which is recorded under the liabilities side of the Statement of Financial Position of the Bank); the contracts of assignation of debts are therefore "subject to condition precedent";
- d. according to the contract signed on 9 December 2008 the assignation of debts, for the sole purpose of guarantee, takes effect immediately and remains so until the guaranteed obligations are entirely fulfilled. The EIB has also given the Bank, which remains exposed to credit risk in connection with the amounts it is owed by the municipalities, power of attorney for the management of the said credit and (except in case of breach of contract on the part of the Bank) title to the credit will automatically be given back to Bank when it is cashed in.

PART C INFORMATION ON THE INCOME STATEMENT

STATEMENT

SECTION 1 - INTEREST – ITEMS 10 AND 20

1.1 Interest income and similar revenues: breakdown

| Items/Technical forms | Debt securities ¹ | Loans ² | Other assets ³ | Total First half 2012 | Total First half 2011 |
|---------------------------------------|------------------------------|--------------------|---------------------------|-----------------------|-----------------------|
| 1 Financial assets held for trading | - | - | 243 | 243 | 425 |
| 2 Financial assets available for sale | 6,249 | - | - | 6,249 | 512 |
| 3 Financial assets held to maturity | - | - | - | - | - |
| 4 Loans to banks | 72 | 317 | - | 389 | 361 |
| 5 Loans to banking customers | 1 | 22,983 | - | 22,984 | 21,663 |
| 6 Financial assets held at fair value | - | - | - | - | - |
| 7 Hedging derivatives | - | - | - | - | - |
| 8 Other assets | - | - | - | - | - |
| Total | 6,322 | 23,300 | 243 | 29,865 | 22,961 |

Changes in connection with interest income – against the comparison accounting period (2011) – are shown in the Report on Operations in the section “Income statement’s dynamics”, to which we refer you.

We also state that:

- ¹ Interest income on debt securities consist of:
 - paid coupons of bonds issued by banks (see item “loans and advances to banks”) and non-banking concerns (see item “loans and advances to customers”) that the Bank purchased for the purpose of financing the issuers and hence classified as credits;
 - cashed in securities and bonds issued by banks (see item “assets available for sale”) acquired by the Bank with the intent to allocate them to guarantee borrowings by the European Central Bank and the securitisation transactions started in 2009
 Their balances are shown on tables 6.1 and 7.1 of Part B – Sections 6 and 7 respectively.
- ² Interest on financing in connection with item “loans and advances to banks” include amounts accrued on current accounts and demand deposits: their balances are shown on table 6.1 of Part B – Section 6.
- ³ Interest income accrued on other assets relates to amounts collected in relation to the positive balance of differentials on derivatives relating to fair value option which are recorded under item 20. of the asset side and 40. of the liability side in the Statement of Financial Position.

Interest income on impaired assets equals €1.379m (against €1.210m in 2011).

It was calculated referring to interest accrued in the course of the whole period in relation to operations with customers which were classified in the categories of impaired loans (doubtful loans, substandard loans, loans past due and restructured loans) as at 30th June 2012.

1.3 Interest income and similar revenues: other information

1.3.1 Interest income from financial assets denominated in currency

| | First Half 2012 | First Half 2011 |
|---|-----------------|-----------------|
| Interest income from financial assets denominated in currency | 16 | 17 |

1.3.2 Interest income on finance lease transactions

| | First half 2012 | First half 2011 |
|--|-----------------|-----------------|
| Deferred financial income | 12,452 | 14,223 |
| Potential rent recorded as revenues for the period | (280) | (418) |

1.4 Interest expenses and similar charges: breakdown

| Items/Technical forms | Debits | Securities ¹ | Other Liabilities ² | Total First half 2012 | Total First half 2011 |
|---|--------------|-------------------------|--------------------------------|-----------------------|-----------------------|
| 1. Amount due to central banks | 1,420 | - | - | 1,420 | - |
| 2. Amount due to banks | 3,610 | - | - | 3,610 | 3,190 |
| 3. Amount due to banking customers | 1,728 | - | - | 1,728 | 644 |
| 4. Debt securities in issue | - | 10,015 | - | 10,015 | 6,361 |
| 5. Financial liabilities held for trading | - | - | - | - | - |
| 6. Financial liabilities valued at fair value | - | 539 | - | 539 | 774 |
| 7. Other liabilities | - | - | - | - | - |
| 8. Hedge derivatives | - | - | 53 | 53 | 89 |
| Total | 6,758 | 10,554 | 53 | 17,365 | 11,058 |

Changes in connection with interest expenses, against the accounting period of comparison (first half 2011), are shown in the Report on Operations in the section "Income statement's dynamics", to which we refer you.

We also state that:

- ¹ interest expenses accrued on securities relates to bonds issued by the Bank and classified under item 30. (fourth line) and 50. (sixth line) of the liability side of the Statement of Financial Position. Interest expenses have been calculated (in relation to items recognised at amortised cost) using the Actual Cost method.
- ² interest expenses accrued on other liabilities relate to amounts accrued in relation to the negative balance of differentials on hedging derivatives recorded under item 60. of the liability side of the Statement of Financial Position.

1.5 Interest expense and similar charges: differentials on hedging transactions

| Items/Amounts | First half 2012 | First half 2011 |
|--|-----------------|-----------------|
| A. Positive differentials on hedging transactions: | - | - |
| B. Negative differentials on hedging transactions: | 53 | 89 |
| C. Balance (A-B) | 53 | 89 |

1.6 Interest expenses and similar charges: other information

1.6.1 Interest expense on liabilities denominated in currency

| | First half 2012 | First half 2011 |
|---|-----------------|-----------------|
| Interest expense on liabilities denominated in currency | 5 | 5 |

SECTION 2 – FEES AND COMMISSIONS – ITEMS 40 AND 50

2.1 Fee and commission income: breakdown

| Type of service/Amount | First half 2012 | First half 2011 |
|--|-----------------|-----------------|
| a) guarantees issued | 37 | 26 |
| b) credit derivatives | | |
| c) management, brokerage and consultancy services: | 208 | 63 |
| 1. trading of financial instruments | | |
| 2. dealing in currency | | |
| 3. portfolio management | | |
| 3.1 individual | | |
| 3.2 collective | | |
| 4. safekeeping and administration of securities | | |
| 5. custodian bank | | |
| 6. placement of securities | | |
| 7. orders collection | | |
| 8. consultancy | 208 | 63 |
| 8.1 investments | | |
| 8.2 structured finance | 208 | 63 |
| 9. distribution of third party services | | |
| 9.1 portfolio management | | |
| 9.1.1. individual | | |
| 9.1.2. collective | | |
| 9.2 insurance products | | |
| 9.3 other products | | |
| d) collection and payment services | 1 | 2 |
| e) securitisation servicing | | |
| f) services for factoring transactions | | |
| g) tax collection services | | |
| h) management of multilateral trading facilities | | |
| i) management of current accounts | | - |
| j) other services ¹ | 1,173 | 852 |
| Total | 1,419 | 943 |

Changes of single items against data for the accounting period 2011 are illustrated and explained in the Report on Operations in the section "Income statement dynamics", to which we refer you.

- 1 This item is mainly made up of commissions for advisory activities for the closed-end fund "MC² Impresa" (for €68 thousand), of various commissions on loans granted for €402 thousand and commissions for corporate finance activities for €692 thousand.

2.3 Fee and commission expense: breakdown

| Services/Amounts | First half 2012 | First half 2011 |
|--|-----------------|-----------------|
| a)) guarantees received ¹ | 596 | 9 |
| b) credit derivatives | | |
| c) management and brokerage services: | 12 | 6 |
| 1. trading of financial instruments | | |
| 2. dealing in currency | | |
| 3. portfolio management: | | |
| 3.1 own portfolio | | |
| 3.2 delegated | | |
| 4. safekeeping and administration of securities | 12 | 6 |
| 5. placement of financial instruments | | |
| 6. door-to-door distribution of financial instruments, products and services | | |
| d) collection and payment services | 2 | 1 |
| e) other services ² | 67 | 75 |
| | 677 | 91 |

Changes of single items against the data for the accounting period 2011 are illustrated and explained in the Report on Operations in the section "Income statement dynamics", to which we refer you.

1 This item is mainly made up of fees paid to the Bank of Italy for the guarantee of bonds issued by us, for €589 thousand.

2 This item is made up from commissions that come from the collection of financing applications for €32,000.

SECTION 3 – DIVIDENDS AND SIMILAR INCOME – ITEM 70

3.1 Dividends and similar income: breakdown

| Items/Incomes | First half 2012 | | First half 2011 | |
|--|-----------------|---------------------------------------|-----------------|---------------------------------------|
| | dividends | Income from units in investment funds | dividends | Income from units in investment funds |
| A. Financial assets held for trading | - | - | - | - |
| B. Financial assets available for sale | 2 | - | 41 | - |
| C. Financial assets held at fair value | - | - | - | - |
| D. Investment securities | - | - | - | - |
| Total | 2 | - | 41 | - |

SECTION 4 – NET TRADING INCOME – ITEM 80

4.1 Net trading income: break down

| Transactions/Income items | Capital gains (A) ¹ | Trading profit (B) | Capital losses (C) | Trading losses (D) ² | Net balance [(A+B) - (C+D)] |
|---|-----------------------------------|--------------------|-----------------------|---------------------------------|--------------------------------|
| 1. Financial assets held for trading | - | - | - | - | - |
| 1.1 Debt securities | - | - | - | - | - |
| 1.2 Equity instruments | - | - | - | - | - |
| 1.3 Investments in UCITS | - | - | - | - | - |
| 1.4 Loans | - | - | - | - | - |
| 1.5 Others | - | - | - | - | - |
| 2. Financial liabilities held for trading | - | - | - | - | - |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Amount due | - | - | - | - | - |
| 2.3 others | - | - | - | - | - |
| 3. Other financial assets and liabilities: exchange difference | | | | | 0 |
| 4. Derivatives | 4 | - | - | 12 | (8) |
| 4.1 Financial derivatives: | 4 | - | - | 12 | (8) |
| - On debt securities and interest rates | 4 | - | - | 12 | (8) |
| - On equity instruments and share indices | - | - | - | - | - |
| - On currencies and gold | | | | | - |
| - Others | - | - | - | - | - |
| 4.2 Credit derivatives | - | - | - | - | - |
| Total | 4 | - | - | 12 | (8) |

1 The item "capital gains" includes the negative changes in fair value accrued on derivatives classified as "held for trading" at 30/06/2012.

2 The item "trading losses" includes negative differentials accrued on swap contracts classified as "held for trading" (Circular of the Bank of Italy 262/2005 chapter 2 – paragraph 3).

SECTION 6 – GAINS (LOSSES) FROM DISPOSAL/REPURCHASES – ITEM 100

6.1 Gains (losses) from disposal or repurchase: breakdown

| Items/Income items | 2012 | | | 2011 | | |
|--|----------|-------------|-------------|-------|--------|------------|
| | Gains | Losses | Net profit | Gains | Losses | Net profit |
| Financial asset | | | | | | |
| 1. Loans to banks | - | - | - | - | - | - |
| 2. Loans to banking customers | - | - | - | - | - | - |
| 3. Financial assets available for sale | - | (17) | (17) | - | - | - |
| 3.1 Debt securities ¹ | - | (17) | (17) | - | - | - |
| 3.2 Equity securities | - | - | - | - | - | - |
| 3.3 Investments in UCITS | - | - | - | - | - | - |
| 3.4 Loans | - | - | - | - | - | - |
| 4. Financial assets held to maturity | - | - | - | - | - | - |
| Total assets | - | (17) | (17) | - | - | - |
| Financial liabilities | | | | | | |
| 1. Amounts due to banks | - | - | - | - | - | - |
| 2. Amounts due to banking customers | - | - | - | - | - | - |
| 3. Debt securities in issue ² | 3 | - | 3 | - | - | - |
| Total liabilities | 3 | - | 3 | - | - | - |

1 The amounts recorded under financial assets item 3.1 refer to the sale of securities issued by banks.

2 The amounts recorded under financial liabilities item 3 refer to the repurchase of a bond issued by us.

SECTION 7 – NET CHANGE IN FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE – ITEM 110¹

7.1 Net change in financial assets and liabilities valued at fair value: breakdown

| Transactions / Income items | Capital Gains (A) | Gains from Disposal (B) | Capital Losses (C) | Losses from Disposal (D) | Net Result [(A+B) - (C+D)] |
|--|----------------------|-------------------------------|--------------------------|--------------------------------|----------------------------------|
| 1. Financial assets | | | | | |
| 1.1 Debt securities | | | | | |
| 1.2 Equity securities | | | | | |
| 1.3 Investments in UCITS | | | | | |
| 1.4 Loans | | | | | |
| 2. Financial liabilities | - | - | 467 | | (467) |
| 2.1 Debt securities ² | - | - | 467 | | (467) |
| 2.2 Amounts due to banks | | | | | |
| 2.3 Amounts due to banking customers | | | | | |
| 3. Financial assets and liabilities in foreign currency: exchange differences | | | | | |
| 4. Credit and financial derivatives | 369 | | 111 | | 258 |
| Of which Negative changes in fair value on assets ³ | -50 | | 111 | | (161) |
| Negative changes in fair value on liabilities ⁴ | 419 | | - | | 419 |
| Total | 369 | | 578 | | (209) |

- 1 This item includes securities that were issued and for which the fair value option has been elected and the valuation of derivatives to them associated.
- 2 Amounts in connection with capital losses are shown in table "Financial liabilities valued at fair value: annual changes" item B.3.
- 3 This amount appears in item C.3 of table "Trading financial assets: annual changes" which refer to financial derivatives relating to the fair value option.
- 4 This amount appears in item C.3 of table "Trading financial liabilities: annual changes" which refer to financial derivatives relating to the fair value option.

SECTION 8 – NET IMPAIRMENT ADJUSTMENT – ITEM 130

8.1 Net value adjustments for impairment of loans: breakdown

| Transactions/Income items | Write-downs (1) | | | Write-backs (2) | | | | Total Firt half 2012 | Total First half 2011 |
|--|-------------------------|---------------------|------------------------|--------------------|--------------|-----------|----------|----------------------------|--------------------------|
| | Specific | | | Specific | | Portfolio | | | |
| | Write-offs ¹ | Others ² | Portfolio ³ | | | | | | |
| | | | | A | B | A | B | | |
| A. Loans and advances to banks | - | - | - | - | - | - | - | (0) | |
| - loans | - | - | - | - | - | - | - | (0) | |
| - debt securities | - | - | - | - | - | - | - | - | |
| B. Loans and advances to banking customers | (1) | (6,518) | (68) | 1,144 | 2,162 | - | - | (3,281) | (3,060) |
| - loans | (1) | (6,518) | (68) | 1,144 | 2,162 | - | - | (3,281) | (3,060) |
| - debt securities | - | - | - | - | - | - | - | - | - |
| C. Total | (1) | (6,518) | (68) | 1,144 | 2,162 | - | - | (3,281) | (3,061) |

Legend

A= from interest

B= other write-backs

- 1 The item "write-downs – specific - write-offs" (€1 thousand) coincides with item "loan losses" of the table "Item 130: net impairment adjustment" shown in the report on operations.
- 2 The total value of specific write-downs amounts to €6,518 thousand and it is different from the value reported in the Report on Operations Table 130. "Value adjustments and write-back – analytic valuation – write-downs" (€5,464 thousand) and in "Initial FV of loans granted at an interest rate lower than the market rate – write-downs" (€263 thousand). The difference in value amounts to €791 thousand and relates to write-downs on impaired loans which is shown under "Specific write-down – Other" (in compliance with the provisions of Circular 262/2005 by the Bank of Italy).
- 3 The value under item "Loans and advances to banking customers –loans – portfolio – write-downs" (€68 thousand), net of the transfer described in note 2 for € 791 thousand, corresponds to that reported in the Report on Operations in the section "Income statement dynamics" item 130. "Value adjustments and Write-backs -portfolio valuation- net effect" (€859 thousand write-backs) - (we refer to the amount shown in the column "net effect" because in the table shown in the Report on operations portfolio write downs/write backs are shown with reference to portfolios while in this table the amounts shown are those based on the classification of customers by category).

8.2 Net value adjustments for impairment of financial assets available for sale: break down

| Transactions/Income items | Write-downs (1) | | Write-backs (2) | | Total first half 2012 (3)=(1)-(2) | Total first half 2011 (3)=(1)-(2) |
|--|--------------------|------------|--------------------|---|---|---|
| | Specific | | Specific | | | |
| | Write-offs | Other | A | B | | |
| A. Debt securities | - | - | - | - | - | - |
| B. Equity securities | - | (0) | - | - | (0) | (450) |
| C. Investments in UCITS | - | - | - | - | - | - |
| D. Loans and advances to banks | - | - | - | - | - | - |
| E. Loans and advances to banking customers | - | - | - | - | - | - |
| F. Total | - | (0) | - | - | (0) | (450) |

Legend

A= from interest

B= other write-backs

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

| Transactions/Income items | Write-downs (1) | | | Write-backs (2) | | | | Total First half 2012 (3)= (1)-(2) | Total First half 2011 (3)= (1)-(2) | |
|----------------------------------|--------------------|-------|-----------|--------------------|---|-----------|---|--|--|-------------|
| | Specific | | | Specific | | Portfolio | | | | |
| | Write-offs | Other | Portfolio | A | B | A | B | | | |
| A. Guarantees issued | - | - | - | - | - | - | - | 1 | 1 | (14) |
| B. Credit derivatives | - | - | - | - | - | - | - | - | - | - |
| C. Commitments to disburse funds | - | - | - | - | - | - | - | - | - | - |
| D. Other transactions | - | - | - | - | - | - | - | - | - | - |
| E. Total | - | - | - | - | - | - | - | 1 | 1 | (14) |

Legend

A= from interest

B= other write-backs

SECTION 9 – ADMINISTRATIVE COSTS – ITEMS 150

9.1 Payroll breakdown

| Type of expense/breakdown | Total First Half 2012 | Total First Half 2011 |
|--|-----------------------------|-----------------------------|
| 1) Employees | 3,324 | 3,258 |
| a) wages and salaries | 2,254 | 2,223 |
| b) social insurance | 602 | 593 |
| c) severance indemnities ¹ | 125 | 144 |
| d) social security contributions | | |
| e) provision for severance indemnities ² | 101 | 19 |
| f) provision for post-retirement benefits and other obligations: | | |
| - defined contribution | | |
| - defined benefit | | |
| g) payments to external supplementary pension funds: | 80 | 83 |
| - defined contribution ³ | 80 | 83 |
| - defined benefit | | |
| h) costs deriving from payment agreements based on own capital instruments | | |
| i) other employee benefits ⁴ | 162 | 196 |
| 2) Other personnel currently employed | | |
| 3) Directors and Auditors | 244 | 231 |
| 4) Retired personnel | | |
| 5) Cost recovery in relation to employees transferred to other companies | | |
| 6) Cost recovery in relation to third party employees transferred to the company | | |
| Total | 3,568 | 3,489 |

- 1 In accordance with implementing rules issued by the Bank of Italy, this items is made up of amounts of severance indemnities paid out directly to INPS (National Social Security Institute) and to other externally defined contribution funds.
- 2 In 2012 this item consists of interest cost (€12 thousand) and actuarial losses (€89 thousand), in 2011 is made up of interest cost (€15 thousand) and actuarial losses (€4 thousand).
- 3 This amount includes contributions to supplementary pension schemes.
- 4 In 2012 the "employee costs" item no longer includes analytical and documented reimbursements for accommodation and meals expenses incurred by employees , directors and auditors, classified, for €45 thousand, under "other administrative costs" according to the explanations provided by the Bank of Italy in February 2012.

9.2 Average number of employees by category ¹

| | Total | Total |
|---|------------------------|------------------------|
| | First Half 2012 | First Half 2011 |
| Employees: | 76 | 78 |
| a) executives | 4 | 4 |
| b) total managers | 36 | 35 |
| - of which: third and fourth level managers | 19 | 15 |
| c) remaining employees | 36 | 39 |
| Other personnel | - | - |

1 The annual average is calculated as the simple arithmetic average of the employees at the end of each month.

In order to give a better representation of the workforce within the Bank in the following table we show the average number of employees calculated taking into account the actual number of hours for each part-time contract.

| | Total | Total |
|---|------------------------|------------------------|
| | First Half 2012 | First Half 2011 |
| Employees: | 80.9 | 81.9 |
| a) executives | 4.0 | 4.0 |
| b) total managers | 37.5 | 35.6 |
| - of which: third and fourth level managers | 19.3 | 15.0 |
| c) remaining employees | 39.4 | 42.3 |
| Other personnel | - | - |

9.4 Other employees benefits

| | First Half 2012 | First Half 2011 |
|--|------------------------|------------------------|
| Lunch vouchers | 38 | 38 |
| Insurance policies | 59 | 57 |
| Training courses and travel expenses | 22 | 65 |
| Benefits in kind | 10 | 10 |
| Other short term benefits ¹ | 33 | 26 |
| Total | 162 | 196 |

1 In 2012 the "employee costs" item no longer includes analytical and documented reimbursements for accommodation and meals expenses incurred by employees, directors and auditors, classified, for €45 thousand, under "other administrative costs" according to the explanations provided by the Bank of Italy in February 2012.

9.5 Other administrative expense: breakdown

| | Total First Half 2012 | Total First Half 2011 |
|---|--------------------------------------|--------------------------------------|
| 1. IT Costs | 306 | 283 |
| - outsourcing costs | 196 | 198 |
| - Other EDP (Electronic Data Processing) costs | 110 | 85 |
| 2. Property related expenses | 265 | 251 |
| a) rental expenses | 80 | 83 |
| - <i>property rental expenses</i> | <i>80</i> | <i>83</i> |
| b) other expenses | 185 | 168 |
| - <i>office cleaning</i> | <i>53</i> | <i>51</i> |
| - <i>building service charges</i> | <i>6</i> | <i>9</i> |
| - <i>maintenance and repair costs</i> | <i>29</i> | <i>21</i> |
| - <i>electricity, heating, water</i> | <i>51</i> | <i>45</i> |
| - <i>motor vehicles maintenance</i> | <i>46</i> | <i>42</i> |
| 3. Purchase of non professional goods and services | 172 | 180 |
| - books, magazines, subscriptions | 18 | 22 |
| - information and cadastral services | 38 | 33 |
| - stationery, printing supplies, storage mediums | 11 | 13 |
| - databases and value-added networks | 34 | 39 |
| - surveillance | 42 | 40 |
| - post and telephones | 29 | 33 |
| 4. Purchase of professional services | 340 | 346 |
| - legal and procedural costs | 118 | 206 |
| - professional fees | 222 | 140 |
| 5. Insurance premiums | 44 | 34 |
| - insurance for the company bodies | 18 | 19 |
| - other insurance policies | 26 | 15 |
| 6. Advertising expenses | 110 | 69 |
| - advertising and sponsorships | 98 | 62 |
| - entertainment and gifts | 12 | 7 |
| 7. indirect taxes and duties | 113 | 1,744 |
| - local tax on real estate | 26 | 9 |
| - registration tax and dues | 35 | 1,680 |
| - substitute tax | 52 | 55 |
| 8. Other | 160 | 120 |
| - subscriptions and memberships ¹ | 106 | 111 |
| - other expenses ² | 54 | 9 |
| Total | 1,510 | 3,027 |

1 It is mainly due to the subscription to ABI, Consob and to the "Federazione Trentina delle Cooperative".

2 In 2012 the "employee costs" item no longer includes analytical and documented reimbursements for accommodation and meals expenses incurred by employees, directors and auditors, classified, for €45 thousand, under "other administrative costs" according to the explanations provided by the Bank of Italy in February 2012.

SECTION 10 - NET PROVISIONS FOR RISKS AND CHARGES – ITEM 160

10.1 Net provisions for risks and charges: breakdown

| | Total | Total |
|---|------------------------|------------------------|
| | First Half 2012 | First Half 2011 |
| Provision for employee incentive system | (75) | (39) |
| Total | (75) | (39) |

SECTION 11 – NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT – ITEM 170

11.1 Net adjustments to property, plant and equipment: breakdown

| Assets/Income items | Depreciation | Impairment adjustments | Write-backs | Net result |
|------------------------------|---------------------|-------------------------------|--------------------|--------------------|
| | (a) | (b) | (c) | (a + b - c) |
| A. Tangible assets | | | | |
| A.1 Owned | (314) | - | - | (314) |
| - For operational use | (314) | - | - | (314) |
| - For investments | - | - | - | - |
| A.2 Held under finance lease | - | - | - | - |
| - For operational use | - | - | - | - |
| - For investments | - | - | - | - |
| Total | (314) | - | - | (314) |

SECTION 12 – NET ADJUSTMENTS TO INTANGIBLE ASSETS – ITEM 180

12.1 Net adjustments to property, plant and equipment: breakdown

| Assets/Income items | Depreciation | Impairment adjustments | Write-backs | Net result |
|----------------------------------|---------------------|-------------------------------|--------------------|--------------------|
| | (a) | (b) | (c) | (a + b - c) |
| A. Property, plant and equipment | | | | |
| A.1 Owned | (161) | - | - | (161) |
| - For operational use | - | - | - | - |
| - Other | (161) | - | - | (161) |
| A.2 Held under finance lease | | | | |
| Total | (161) | - | - | (161) |

SECTION 13 – OTHER OPERATING CHARGES/INCOME – ITEM 190

13.1 Other operating expense: breakdown

| | Total First Half 2012 | Total First Half 2011 |
|--|--------------------------------------|--------------------------------------|
| Securitisation costs refunded to the SPV company | 115 | 133 |
| SPV on-going operating expenses | 33 | 31 |
| Amortisation of leasehold improvement | 3 | 3 |
| Sundry operating expenses | 6 | 2 |
| Total | 157 | 169 |

13.2 Other operating income: breakdown

| | Total First Half 2012 | Total First Half 2011 |
|---|--------------------------------------|--------------------------------------|
| Recovery of legal expenses | 84 | 118 |
| Refund / compensation of taxes | 50 | 1,716 |
| Service commission income in relation to securitisation | 115 | 134 |
| Other income | 53 | 32 |
| Total | 302 | 2,000 |

SECTION 14 – PROFIT (LOSS) FROM EQUITY INVESTMENTS – ITEM 210

14.1 Profit (loss) from equity investments: breakdown

| Income items/Amounts | First half 2012 | First Half 2011 |
|----------------------------------|------------------------|------------------------|
| A. Incomes | 12 | 9 |
| 1. Revaluations | - | - |
| 2. Profit on disposal | - | - |
| 3. Write-backs ¹ | 12 | 9 |
| 4. Other incomes | - | - |
| B. Charges | (41) | (55) |
| 1. Write-downs ² | (41) | (55) |
| 2. Adjustments due to impairment | - | - |
| 3. Loss from disposal | - | - |
| 4. Other charges | - | - |
| Net Result | (29) | (46) |

- 1 Incomes recorded as a result of the application of the equity method to the valuation of equity investments refer entirely to the companies under the significant influence of the bank Essedi Strategie d'Impresa S.r.l..
- 2 Charges recorded as a result of the application of the equity method to the valuation of equity investments originate from the affiliated company Biorendena S.p.A and controller Paradisidue Srl.

SECTION 17 – GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS – ITEM 240

17.1 Gains (losses) on disposal of investments: breakdown

| Income items/amounts | 2012 | 2011 |
|----------------------------------|----------|----------|
| A. Buildings | - | - |
| - Gains on disposal | - | - |
| - Losses on disposal | - | - |
| B. Other assets | 0 | 2 |
| - Gains on disposal ¹ | 0 | 2 |
| - Losses on disposal | - | - |
| Net Result | 0 | 2 |

1 This item relates to the sale of property, plant and equipment completely amortised and of limited value - €303 in 2012 and €1,750 in 2011.

SECTION 18 – INCOME TAXES ON CURRENT OPERATIONS – ITEM 260

18.1 Income taxes on current operations: breakdown

| Items/Amounts | Total First Half 2012 | Total First Half 2011 |
|--|-----------------------------|-----------------------------|
| 1. Current taxes (-) | (1,744) | (1,592) |
| 2. Change in current taxes of previous periods (+/-) | - | - |
| 3. Decrease in current taxes of the period (+) | - | - |
| 4. Change in deferred tax assets (+/-) | +55 | (1) |
| 5. Change in deferred tax liabilities (+/-) | +0 | +0 |
| 6. Income taxes for the period (-) (-1+/-2+3+/-4+/-5) | (1,689) | (1,593) |

SECTION 20 – OTHER INFORMATION

Parent company: exemption from the requirement of drawing up the consolidated Statement of Financial Position

The Bank, in compliance with current legislation (Legislative Decree No. 356/1990) and with the regulations of the supervising authorities, is the parent company of “Gruppo Bancario Mediocredito Trentino – Alto Adige”, duly registered with the Banking Group Register and made up of the parent company and by its 100% controlled subsidiary Paradisidue S.r.l.

The Bank does not compile the Consolidated Statement of Financial Position because any consolidation of the subsidiary Paradisidue S.r.l. (total assets €2.8m as at 31.12.2011) in the Statement of Financial Position of Mediocredito would be irrelevant with regards to providing a true picture of the economic situation, financial position and economic performance of the parent company (IAS 8 and sections 26, 29, 30 and 44 of the IASB Framework for the presentation and preparation of financial statements, the so-called “Framework”).

The subsidiary owns a building, the appraised value of which is aligned with market values and the equity investment and booked to equity in the Statement of Financial Position of the Bank. Additionally, since the volume of business of its subsidiary is below the set threshold Mediocredito is not required to submit to the Bank of Italy consolidated disclosures under the existing supervisory regulations.

SECTION 21 – EARNINGS PER SHARE

21.1 Average number of ordinary shares on dilution of the capital stock

During the first half of 2012 there was no dilution of Mediocredito's capital stock as neither the number of its shares nor their nominal value changed.

The profit per share amounted to 0.0225 and is entirely distributable.

EARNING PER SHARE

| | 30 Jun 2012 | 30 Jun 2011 |
|--------------------------|--------------------|--------------------|
| Profit per share | 0,0225 | 0,0236 |
| Diluted profit per share | 0,0225 | 0,0236 |

PART D

COMPREHENSIVE INCOME

ANALYTICAL STATEMENT OF COMPREHENSIVE INCOME

| Items | Gross amount | Tax | Net amount |
|--|----------------|--------------|----------------|
| 10. NET INCOME (LOSS) FOR THE YEAR | | | 2,533 |
| Other income components | | | |
| 20. FINANCIAL ASSETS AVAILABLE FOR SALE: | (4,772) | 1,547 | (3,225) |
| a) fair value changes | (5,385) | 1,744 | (3,641) |
| b) reversal to Income Statement | 613 | (197) | 416 |
| - adjustments due to impairment | - | - | - |
| - capital gains/losses | 613 | (197) | 416 |
| c) other changes | - | - | - |
| 60. CASH FLOW HEDGES | (197) | 64 | (133) |
| a) fair value changes | (197) | 64 | (133) |
| b) reversal to Income Statement | | | |
| c) other changes | | | |
| 110. TOTAL OTHER INCOME COMPONENTS | (4,969) | 1,611 | (3,358) |
| 120. TOTAL COMPREHENSIVE INCOME (lines 10+110) | (4,969) | 1,611 | (825) |

PART E

INFORMATION ON RISKS AND RELATED HEDGING POLICY

SECTION 1 - CREDIT RISK

QUALITATIVE INFORMATION

No significant events occurred between 31st December 2011 and 30th June 2012 to which reference should be made and we therefore refer you to the section "Impaired loans and country risk".

However we point out that the Bank was not exposed either directly or indirectly to credit products of the ABS (Asset Backed Securities) and CDO (Collateralised Debt Obligation) type linked to subprime and Alt-A loans or to financial products that the market perceives as risky at the date of this condensed half-yearly report and accounts.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 Impaired and performing credit exposures: amounts, value adjustments, changes, economic and geographical distribution

A.1.1 Distribution of credit exposures by portfolio and quality (book values)

| Portfolio/Quality | Doubtful | Substandard | Restructured | Expired exposures | Other assets | Total |
|--|-----------------|--------------------|---------------------|--------------------------|---------------------|------------------|
| 1. Financial assets held for trading | - | - | - | - | 56 | 56 |
| 2. Financial assets available for sale | - | - | - | - | 351,762 | 351,762 |
| 3. Financial assets held to maturity | - | - | - | - | - | - |
| 4. Loans and advances to Banks | - | - | - | - | 45,425 | 45,425 |
| 5. Loans and advances to banking customers | 53,375 | 55,290 | 4,463 | 21,464 | 1,229,634 | 1,364,226 |
| 6. Financial assets valued at fair value | - | - | - | - | - | - |
| 7. Financial assets being sold | - | - | - | - | - | - |
| 8. Hedging derivatives | - | - | - | - | - | - |
| Total 2012 | 53,375 | 55,290 | 4,463 | 21,464 | 1,626,877 | 1,761,469 |
| Total 2011 | 54,354 | 41,481 | 5,704 | 1,961 | 1,456,992 | 1,560,492 |

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

| Portfolio/quality | Impaired loans | | | Other assets | | | Total (net exposure) |
|--|----------------|----------------------|----------------|------------------|-------------------------------|------------------|----------------------|
| | Gross exposure | Specific adjustments | Net exposure | Gross exposure | General portfolio adjustments | Net exposure | |
| 1. Financial assets held for trading | - | - | - | - | - | 56 | 56 |
| 2. Financial assets available for sale | - | - | - | 351,762 | - | 351,762 | 351,762 |
| 3. Financial assets held to maturity | - | - | - | - | - | - | - |
| 4. Loans and advances to banks | - | - | - | 45,455 | 30 | 45,425 | 45,425 |
| 5. Loans and advances to banking customers | 171,764 | 37,172 | 134,592 | 1,234,884 | 5,250 | 1,229,634 | 1,364,226 |
| 6. Financial assets held at fair value | - | - | - | - | - | - | - |
| 7. Financial assets to be sold | - | - | - | - | - | - | - |
| 8. Hedging derivatives | - | - | - | - | - | - | - |
| Total 2012 | 171,764 | 37,172 | 134,592 | 1,632,101 | 5,280 | 1,626,877 | 1,761,469 |
| Total 2011 | 137,229 | 33,729 | 103,500 | 1,461,570 | 5,212 | 1,456,992 | 1,560,492 |

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

| Type of exposure/amounts | Gross exposure | Specific adjustments | General portfolio adjustments | Net exposure |
|---|----------------|----------------------|-------------------------------|----------------|
| A. BALANCE SHEET EXPOSURES | | | | |
| a) Doubtful loans | - | - | - | - |
| b) Substandard loans | - | - | - | - |
| c) Restructured exposures | - | - | - | - |
| d) Expired exposures | - | - | - | - |
| e) Other assets | 217,178 | - | 30 | 217,148 |
| <i>Of which financial assets available for sale¹</i> | 171,723 | - | - | 171,723 |
| <i>Loans to banks</i> | 45,455 | - | 30 | 45,425 |
| TOTAL A | 217,178 | - | 30 | 217,148 |
| B. OFF-BALANCE SHEET EXPOSURES | | | | |
| a) Impaired | - | - | - | - |
| b) Other | 1,092 | - | - | 1,092 |
| <i>Of which derivatives</i> | 56 | - | - | 56 |
| <i>Guarantees issued²</i> | 1,036 | - | - | 1,036 |
| TOTAL B | 1,092 | - | - | 1,092 |

1 These are bonds purchased by the Bank in order to use it as collateral for refinancing of the ECB. More details can be found in the Report of operations chapter "Securities portfolio".

2 The item includes the commitment of €3 thousand Interbank Fund for Deposit Protection against interventions estimated but not yet approved, this amount is recorded amongst the guarantees to banks in accordance with the provisions of Bank of Italy Circular n. 262/2005 § 2.7.25.

A.1.6 Balance-sheet and off-Balance sheet credit exposures to customers: gross and net values

| Type of exposure/amounts | Gross exposure | Specific adjustments | General portfolio adjustments | Net exposure |
|---|------------------|----------------------|-------------------------------|------------------|
| A. BALANCE SHEET EXPOSURES | | | | |
| a) Doubtful loans | 82,712 | 29,337 | | 53,375 |
| b) Substandard loans | 62,556 | 7,266 | | 55,290 |
| c) Restructured exposures | 4,934 | 471 | | 4,463 |
| d) Expired exposures | 21,562 | 98 | | 21,464 |
| e) Other assets | 1,414,923 | | 5,250 | 1,409,673 |
| <i>Of which loans to customers</i> | 1,234,884 | | 5,250 | 1,229,634 |
| <i>Financial assets available for sale</i> ¹ | 180,039 | | - | 180,039 |
| TOTAL A | 1,586,687 | 37,172 | 5,250 | 1,544,265 |
| B. OFF-BALANCE SHEET EXPOSURES | | | | |
| a) Impaired | 659 | - | | 659 |
| b) other | 17,949 | | 15 | 17,934 |
| <i>Of which commitments</i> | 8,419 | | - | 8,419 |
| <i>Guarantees issued</i> | 9,530 | | 15 | 9,515 |
| TOTAL B | 18,608 | - | 15 | 18,593 |

1 This is a government bond (CCT) purchased by the Bank in order to use it as collateral for refinancing of the ECB and French government bonds accrued as a guarantee for the securitisation operation started in 2009. More details can be found in the relation on operations in the chapter "Security portfolio".

A.1.7 Balance-sheet and off-Balance sheet credit exposure to customers: gross change in impaired exposure

| Sources/Categories | Doubtful | Substandard | Restructured exposures | Expired exposures |
|---|---------------|------------------|------------------------|---------------------|
| A. Opening balance | 80,316 | 48,556 | 6,391 | 1,966 |
| - of which: exposures sold and not de-recognised | - | - | - | - |
| B. Increases | 5,766 | 20,484 | 77 | 22,540 |
| B.1 transfers from performing loans | 37 | 15,851 | - | 22,381 ¹ |
| B.2 transfers from other categories of impaired loans | 4,926 | 3,794 | - | - |
| B.3 other increases ² | 803 | 839 | 77 | 159 |
| C. Decreases | 3,370 | 6,484 | 1,534 | 2,944 |
| C.1 transfers to performing loans | - | 146 | - | 40 |
| C.2 derecognised items | 91 | - | - | - |
| C.3 recoveries ² | 3,279 | 1,148 | 236 | 404 |
| C.4 sale proceeds | - | - | - | - |
| C.5 transfers to other categories of impaired loans | - | 4,926 | 1,298 | 2,496 |
| C.6 other decreases | - | 264 ³ | 0 | 4 |
| D. Closing balance | 82,712 | 62,556 | 4,934 | 21,562 |
| - of which: exposures sold and not de-recognised | - | - | - | - |

1 From 01/01/2012 this amount also includes loans expired by 90 days.

2 Doubtful loans account for €583 thousand relating to collections of doubtful loans closed in previous years as specified by the Bank of Italy (Letter "Budget and Supervisory reports" - February 2012).

3 The amount includes mainly the impairment loss of €263 thousand recorded on loans granted at an interest rate lower than the market rate (interest-free).

A.1.8 Balance-sheet credit exposures to customers: change in overall impairments

| Sources/Categories | Doubtful | Substandard | Restructured exposures | Expired exposures | Performing loans |
|---|----------------|----------------|------------------------|-------------------|---------------------------------|
| A. Opening balance | 25,962 | 7,075 | 687 | 5 | 5,182 |
| - of which: exposures sold and not de-recognised | - | - | - | - | - |
| B. Increases | 5,644 | 2,119 | - | 92 | 68 |
| B.1 write-downs | 4,046 | 2,119 | - | 92 | 68 |
| B.2 transfers from other categories of impaired loans | 1,015 | - | - | - | - |
| B.3 other increases ¹ | 583 | - | - | - | - |
| C. Decreases | 2,269 | 1,928 | 215 | - | - |
| C.1 write-backs from valuations | 1,542 | 913 | 215 | - | - |
| C.2 collection write-backs ¹ | 636 | - | - | - | - |
| C.3 write-offs | 91 | - | - | - | - |
| C.4 transfers to other categories of impaired loans | - | 1,015 | - | - | - |
| C.5 other decreases | - | - | - | - | - |
| D. Closing balance | 29,337 | 7,266 | 471 | 98 | 5,250 |
| - of which: exposures sold and not de-recognised | - | - | - | - | - |
| Losses due to below market rates | - | (263) | - | - | - |
| Total net credit adjustment | (1,868) | (1,468) | 215 | (92) | (68) (3,281)² |

1 Doubtful loans account for €583 thousand relating to collections of doubtful loans closed in previous years as specified by the Bank of Italy (Letter "Budget and Supervisory reports" - February 2012).

2 This amount coincides with the amount shown in table 8.1 Part C.

SECTION 2 - MARKET RISKS

No significant events occurred between 31st December 2011 and 30th June 2012 to which reference should be made, except for the continuation of the policy of strengthening the portfolio of securities eligible for refinancing with the European Central Bank.

The interest rate risk does not show any significant change in relation to the annual report of 2011.

We stress once again that in keeping with its risk profile the Bank was not exposed either directly or indirectly to credit products of the ABS (Asset Backed Securities) and CDO (Collateralised Debt Obligation) type linked to subprime and Alt-A loans or to financial products that the market perceives as risky, at the date of this condensed half-yearly report and accounts.

SECTION 3 - LIQUIDITY RISK

An analysis of the liquidity position as at 30th June 2012 shows a net short-term Interbank position equal to -€63.6m which stems from debit current accounts and deposit accounts to the amount of €104.0m and current accounts and deposit accounts to the amount of €40.4m.

Although the situation on the financial markets remains unsettled and funding needs become increasingly pressing, the Bank enjoys available margins on credit lines with credit entities, mainly Shareholders, besides on the Interbank market of deposits.

The Bank can also obtain liquidity through:

- assets which can be eligible for transactions of repurchase agreements by the Central Bank for approximately €549m (€463 net of ECB haircut);
- the European programme for the issue of bonds which expires in 2013.

To support the monitoring and management of liquidity risk, the Bank shall apply the procedures described in the financial statements at 31 December 2011, to which we refer you, and utilises financial planning tools (the A&LM system) which choose the most suitable funding policies in the short-medium term (maturity ladder): looking at the second half of 2012 the estimated funding requirements are less than €10m. This amount is provided by the traditional funding activities as well as the availability of liquid assets, amongst which the securitisation operation on BCC SME Finance 1 loans completed during the month of August, which will provide the Bank with class A securities for approximately €105 million.

As at 30 June 2012 the situation of eligible securities was the following:

| Type of issuer | Available | Constrained |
|---|----------------|----------------|
| Governments | 185,000 | 161,269 |
| Co-operative credit banks | 50,000 | 41,922 |
| Other banks ¹⁷ | 61,000 | 52,493 |
| Senior notes from securitisation transactions | 67,793 | 44,173 |
| On Securities guaranteed by the State | 185,000 | 162,654 |
| Total | 548,793 | 462,512 |
| Liquidity already drawn | | 382,992 |
| Residual available liquidity | | 79,520 |

¹⁷ The total also includes a title with a nominal value of €30 million that during the month of May lost the characteristics for eligibility, then gained back on July 3rd. The potential liquidity available through the security in question is estimated at around €24 million.

SECTION 4 - OPERATIONAL RISKS

No significant events occurred between 31st December 2011 and 30th June 2012 to which reference should be made.

PART F

INFORMATION ON EQUITY

SECTION 1 - EQUITY

A. QUALITATIVE INFORMATION

The equity is the aggregate of ordinary shares and additional paid-in capital. The reserves are the aggregate of the legal reserve, the extraordinary reserve, and the reserves created in compliance with IAS/IFRS. The valuation reserves are the aggregate of fair value reserves (related to assets available for sale), cash flow hedge reserves and of reserves that originate from the monetary revaluation of real estate. The adequacy of the equity is also monitored in relation to the minimum capital requirements specified by the supervising authorities.

B. QUANTITATIVE INFORMATION

B.1 Shareholders' equity: breakdown

| Items/Amounts | 2012 | 2011 |
|---|----------------|----------------|
| 1. Capital stock | 58,485 | 58,485 |
| 2. Additional paid-in capital | 29,841 | 29,841 |
| 3. Reserves | 93,996 | 93,596 |
| - profits | | |
| a) legal | 18,809 | 18,484 |
| b) statutory | 53,977 | 53,902 |
| c) treasury shares | - | - |
| d) other | 21,210 | 21,210 |
| - other | - | - |
| 4. Equity instruments | | |
| 5. (Treasury shares) | | |
| 6. Valuation reserves | (1,892) | 1,466 |
| - Financial assets available for sale | (5,952) | (2,728) |
| - Property, plant and equipment | | |
| - Intangible assets | | |
| - Hedges of foreign investments | | |
| - Cash flow hedges | (258) | (124) |
| - Exchange differences | | |
| - Non-current assets classified as held for sale | | |
| - Actuarial gains (losses) on defined benefits plans | | |
| - Valuation reserves from investments accounted for using the equity method | | |
| - Special revaluation laws | | |
| - Financial assets available for sale | 4,318 | 4,318 |
| 7. Profit (loss) for the year | 2,533 | 6,549 |
| Total | 182,963 | 189,936 |

B.2 Revaluation reserves for available-for-sale assets: breakdown

| Assets/Amounts | 2012 | | 2011 | |
|----------------------|------------------|------------------|------------------|------------------|
| | Positive reserve | Negative reserve | Positive reserve | Negative reserve |
| 1. Debt securities | 349 | 6,872 | 449 | 3,808 |
| 2. Equity securities | 609 | - | 561 | - |
| 3. Units in UCITS | - | 38 | 70 | - |
| 4. Loans | - | - | - | - |
| Total | 958 | 6,910 | 1,080 | 3,808 |

B.3 Revaluation reserves for available-for-sale assets: annual changes

| | Debt securities | Equity securities | Unit in UCITS | Loans |
|---|-----------------|-------------------|---------------|----------|
| 1. Opening balance | (3,359) | 561 | 70 | - |
| 2. Positive changes | 709 | 48 | - | - |
| 2.1 Fair value increases | 709 | 48 | - | - |
| 2.2 Reclassification through profit or loss of negative reserves | - | - | - | - |
| - due to impairment | - | - | - | - |
| - following disposal | - | - | - | - |
| 2.3 Other changes | - | - | - | - |
| 3. Negative changes | 3,873 | - | 108 | - |
| 3.1 fair value decreases | 3,873 | - | 55 | - |
| 3.2 Adjustments due to impairment | - | - | 53 | - |
| 3.3 Reclassification through profit or loss of positive reserves: | | | | |
| Following disposal | - | - | - | - |
| 3.3 Other changes | - | - | - | - |
| 4. Closing balance | (6,523) | 609 | (38) | - |

SECTION 2 - REGULATORY CAPITAL AND CAPITAL RATIOS

2.1 REGULATORY CAPITAL

A. Qualitative information

1. Tier 1 capital

Mediocredito's Tier 1 capital consists of the share capital (€58.485m), additional paid-in capital (€29.841m) and the reserves (the aggregate of the legal reserve, the extraordinary reserve and the reserve created in compliance with IAS/IFRS) for an overall amount of €93.996m and reinvested profits (€159,000). The capital amount is adjusted to take into consideration the negative elements due to intangible assets (€629,000) and negative prudential filters - calculated by applying the asymmetric approach¹⁸ - related to fair value changes of items associated to the fair value option which is attributable to a change in the Bank's creditworthiness (€136,000) and to the change in fair value of debt securities classified amongst financial assets available for sale (€6.523m).

2. Tier 2 capital

Mediocredito's Tier 2 capital consists of the valuation reserves created in compliance with special legislation (€4.318m) and of the fair value reserves related to assets available for sale (€571 thousand) minus negative prudential filters (calculated by applying the asymmetric approach) related to the portion of positive reserves of assets available for sale that cannot be included (€285 thousand).

3. Tier 3 capital

There are no values to be disclosed.

¹⁸ With regard to valuation reserves allocated to the portfolio of assets available for sale, the asymmetric approach provides full deduction of capital losses from Tier 1 capital and the inclusion partial (50%) of capital gains in Tier 2 capital.

B. Quantitative information

| | | 2012 | 2011 |
|---|----------------|----------------|----------------|
| A. Tier 1 capital before the application of prudential filters | | 181,852 | 181,623 |
| B. Prudential filters of Tier 1 capital: | | -6,659 | -3,713 |
| B1 - positive Ias/Ifrs prudential filters | (+) | - | - |
| B2 - negative Ias/Ifrs prudential filters | (-) | -6,659 | -3,713 |
| C. Tier 1 capital gross of items to be deducted | (A+B) | 175,193 | 177,910 |
| D. Items to be deducted from Tier 1 capital | | - | - |
| E. Total Tier 1 capital | (C-D) | 175,193 | 177,910 |
| F. Tier 2 capital before the application of prudential filters | | 4,889 | 4,950 |
| G. Prudential filters of Tier 2 capital: | | -285 | -316 |
| G1 - positive Ias/Ifrs prudential filters | (+) | - | - |
| G2 - negative Ias/Ifrs prudential filters | (-) | -285 | -316 |
| H. Tier 2 capital gross of items to be deducted | (F+G) | 4,604 | 4,634 |
| I. Items to be deducted from Tier 2 capital | | - | - |
| L. Total Tier 2 capital | (H-I) | 4,604 | 4,634 |
| M. Items to be deducted from total Tier 1 and 2 capital | | - | - |
| N. Regulatory capital | (E+L-M) | 179,797 | 182,544 |
| O. Tier 3 capital | | - | - |
| P. Regulatory capital including Tier 3 capital | (N+O) | 179,797 | 182,544 |

The net profit for the period (€2.533m) is included in the calculation of the regulatory capital to the amount of €159 thousand after deducting dividends to the amount of €2.249m and €125 thousand which is kept at the disposal of the board of directors for initiatives under article 21 of the by-laws.

2.2 CAPITAL ADEQUACY

A. Qualitative information

The regulatory capital is the first safeguard against risks that a bank has to deal with and in perspective a company's equity is a powerful lever for developing the main activity of the Bank whilst maintaining its stability.

The statement included in part B shows in detail the single items which concur in determining the "risk-weighted assets" which in turn, concur in determining the "solvency ratio", applying the standard methods, as for rules dictated by Basel I, in particular:

- tier 1 capital ratio: Tier 1 capital / risk-weighted assets;
- total capital ratio: Regulatory capital / risk-weighted assets.

As at 30th June 2012 these ratios (respectively equal to 13.30% and 13.65%) were more than adequate in relation to the solvency limits set forth by the supervising authorities for individual companies and as an indicator of the adequacy of the equity in relation to the size of the Bank and of the characteristics of its activities.

In the course of May 2012, the Bank has prepared and published the disclosure document in accordance with the requirements of Basel 2 Pillar 3, i.e. public disclosure as at 31/12/2011. The Bank does not use internal methods for the calculation of capital requirements in relation to credit risk and operational risks and therefore disclosures will be issued on an annual basis by publishing (within the time set for the publication of the annual report and accounts) on the website of the Bank (www.mediocredito.it) the Synoptic Tables of Circular No. 263 of 27 December 2006 – Title IV – Chapter 1 Section II Attachment A of the Bank of Italy – duly adapted to the operational characteristics of the Company.

B. Quantitative information

| Categories/Amounts | Non-weighted amounts | | Weighted/required amounts | |
|---|----------------------|-----------|---------------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| A. RISK-WEIGHTED ASSETS | | | | |
| A.1 Credit risk and counterparty risk | | | | |
| 1. Standardised approach | 1,903,256 | 1,690,736 | 1,268,968 | 1,229,230 |
| 2. Internal ratings-based approach | | | | |
| 2.1 Basic | | | | |
| 2.2 Advanced | | | | |
| 3. Securitisation framework | | | | |
| B. MINIMUM CAPITAL REQUIREMENTS | | | | |
| B.1 Credit risk and counterparty risk | | | 101,517 | 98,338 |
| B.2 Market risk | | | | |
| 1. Standardised approach | | | | |
| 2. Internal models | | | | |
| 3. Concentration risk | | | | |
| B.3 Operational risk | | | | |
| 1. Basic approach | | | 3,868 | 3,868 |
| 2. Standard approach | | | | |
| 3. Advanced approach | | | | |
| B.4. Other capital requirements | | | | |
| B.5. Other calculation elements | | | | |
| B.6 Total capital requirements | | | 105,386 | 102,207 |
| C. RISK-WEIGHTED ASSETS AND CAPITAL RATIOS | | | | |
| C.1 Risk-weighted assets | | | 1,317,322 | 1,277,585 |
| C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) | | | 13.30 | 14.46 |
| C.3 Regulatory capital (including Tier 3)/Risk-weighted assets) | | | 13.65 | 14.83 |

PART H

RELATED PARTY DISCLOSURES

1. INFORMATION ON REMUNERATION OF DIRECTORS AND MANAGERS

The remuneration shown below refers to Directors and to the management team (General Managers and Vice Managers, i.e. key management personnel with strategic responsibilities) who held these positions in 2012, as per the sixteenth paragraph of IAS 24 § 17.

The remuneration paid to members of the Board of Directors and to the Board of Auditors is agreed at the Shareholders' Meeting.

| | Emoluments and social security contributions | Bonuses and other incentives | Severance indemnities and provident fund |
|--|---|-------------------------------------|---|
| Managers | 159 | | |
| Managers with strategic responsibilities | 277 | 17 | 21 |
| Auditors | 84 | | |

2. RELATED PARTY DISCLOSURES

The following tables were prepared according to IAS 24 and in particular a breakdown of transactions made with related parties was undertaken following the instructions outlined in paragraphs 18 and 19 of the same document.

Payables and receivables

| Related parties | Assets available for sale | Loans and advances to banks | Loans and advances to customers | Other assets | Due to banks | Due to customers | Debt securities in issue | Derivatives (notional) | Debts |
|---|----------------------------------|------------------------------------|--|---------------------|---------------------|-------------------------|---------------------------------|-------------------------------|--------------|
| Entities that have joint control and significant influence over the company | 50,252 | 21,037 | 39,997 | 16,362 ¹ | 91,255 | 76,496 | 130,886 | 1,241 ² | 23 |
| Subsidiary companies | | | 2,505 ³ | 296 | | | | | |
| Affiliated companies | | | | | | | | | |
| Joint venture | | | | | | | | | |
| Managers with strategic responsibilities | | | | | | | | | |
| Other related parties | | | | | | | | | |
| Total | 50,252 | 21,037 | 42,502 | 16,658 | 91,255 | 76,496 | 130,886 | 1,241 | 23 |

RELATED PARTY DISCLOSURES

- 1 The amount includes illiquid items on current accounts in banks for €16.3 million.
- 2 These are two swap contracts written in the Statement of Financial Position at a negative fair value of €71 thousand.
- 3 This amount relates to a credit line granted by the Bank to the subsidiary company Paradisidue S.r.l., with headquarters in Trento - Via Paradisi 2, CF 01856850225 for the purpose of acquiring a building in the context of a bankruptcy proceeding. The loan was granted at Euribor 1M +50 b.p. A loan for €3m was granted until revoked.

Costs and revenues

| Related Items | Interest income | Fees and commissions income | Sundry proceeds | Interest expenses | Fees and commissions expenses | Other expenses |
|---|-----------------|-----------------------------|-----------------|-------------------|-------------------------------|----------------|
| Entities that have joint control and significant influence over the company | 1,911 | 204 | 2 | 3,894 | 18 | 7 |
| Subsidiary companies | 16 | | | | | |
| Affiliated companies | | | | | | |
| Joint venture | | | | | | |
| Managers with strategic responsibilities | | | | | | |
| Other related parties | | | | | | |
| Total | 1,927 | 204 | 2 | 3,894 | 18 | 7 |

Transactions with entities that have joint control and significant influence over the Company refer to relations with those shareholders who have joint control over the Bank because of an agreement amongst themselves. Transactions with these shareholders were made on terms equivalent to those that prevail in arm's length transactions.

Additionally, the autonomous provinces of Trento and Bolzano provide suretyship for us to the EIB to the amount of €13.744m; the Bank pays to the two Provinces a commission of 0.8% paid every 6 months.

PART L

SEGMENT REPORTING

The Bank belongs to the category of listed issuers; therefore under transparency regulations it must provide disclosure related to segment reporting in spite of the single sector character of its business operations and of the fact that its operations and customers are largely concentrated in a single geographical area (the North-eastern regions of Italy).

The present disclosure was prepared according to the requirements of IFRS 8, on the basis of internal reports for the management and the Board of Directors: the primary basis of segmentation refers to the classification of activities as they originated from commercial territorial units and the secondary basis of segmentation refers to the breakdown by product. The primary segment reporting basis is therefore by geographical segments and the secondary reporting basis is by business segment.

Data of less significant units are reported to comply with the logic of reporting.

Segment results and segment assets are determined on the basis of the following principles:

- Identification of the interest income of the segments has been determined according to internal transfer rates that are adequate in relation to the financial characteristics of the products;
- Net commissions are punctually attributed to the customer/area/product who/which has generated them;
- Direct costs and manufacturing costs have been respectively charged in a punctual manner and on the basis of criteria of reversal of actual costs and (only with reference to the primary segment) in keeping with internal data processing;
- Central services costs (such as auditing, planning and control, administration,...) have been charged to Head Office;
- Assets relate to amounts managed by the respective organisational units and are expressed in terms of generated profits at the closing of the business period.

SEGMENT REPORTING (notes)

The tables that were provided (and that have been prepared on the basis of internal reports and applying the above-mentioned criteria) show a balanced distribution of margins amongst by-now historical territorial units while the area of Emilia Romagna still feels the effects of dependence on intermediaries and the fact that market penetration took place in more recent business periods. The area of Veneto shows a higher cost fraction because it is characterised by a credit portfolio made up by a higher number of loans with respect to other areas. On the other hand, the area of Veneto itself together with the area of South Tyrol show a higher risk cost in absolute terms, which is concentrated in the real estate and building sectors.

The primary segment and the secondary segment appear to benefit respectively from a significant contribution to the margins by the "Head Office" and by "other activities". This is due to the low credit risk of operations conducted by the Head Office, the important capital effect and to a lesser extent to the maturity transformation enacted by the treasury management team.

PRIMARY SEGMENT REPORTING BASIS

A.1 Breakdown by geographical segment: Statement of Income first half 2012

| | Trentino | South Tyrol | Veneto | Lombardy | Emilia | Structure/ Head office | Overall amounts |
|---|--------------|--------------|--------------|--------------|------------|---------------------------|--------------------|
| Net interest income | 1,425 | 1,506 | 1,763 | 977 | 559 | 6,270 | 12,500 |
| <i>Net commissions</i> | 169 | 57 | 147 | 59 | 44 | 266 | 742 |
| Dividends and other trading and hedging income | | | | | | (229) | (229) |
| Net interest and other banking income | 1,594 | 1,563 | 1,910 | 1,036 | 603 | 6,307 | 13,013 |
| Net adjustments/write-backs | 491 | (898) | (1,566) | (409) | (346) | (553) | (3,280) |
| Net income from financial activities | 2,085 | 665 | 345 | 627 | 257 | 5,755 | 9,733 |
| Total operating expenses | (400) | (381) | (682) | (413) | (260) | (3,346) | (5,482) |
| Profit (Loss) from associates and investment securities | | | | | | (29) | (29) |
| Profit before income taxes | 1,685 | 284 | (338) | 213 | (3) | 2,380 | 4,222 |

A.1 Breakdown by geographical segment: Statement of Income first half 2011

| | Trentino | South Tyrol | Veneto | Lombardy | Emilia | Structure/ Head office | Overall amounts |
|---|--------------|--------------|--------------|--------------|------------|---------------------------|--------------------|
| Net interest income | 1,601 | 1,675 | 1,881 | 1,244 | 537 | 4,965 | 11,903 |
| <i>Net commissions</i> | 153 | 100 | (20) | 65 | 3 | 551 | 852 |
| Dividends and other trading and hedging income | | | | | | 155 | 155 |
| Net interest and other banking income | 1,754 | 1,776 | 1,861 | 1,309 | 540 | 5,670 | 12,910 |
| Net adjustments/write-backs | (628) | 728 | (1,702) | (1,346) | (29) | (521) | (3,497) |
| Net income from financial activities | 1,126 | 2,504 | 160 | (37) | 511 | 5,150 | 9,413 |
| Total operating expenses | (360) | (413) | (710) | (414) | (250) | (2,971) | (5,120) |
| Profit (Loss) from associates and investment securities | | | | | | (44) | (44) |
| Profit before income taxes | 765 | 2,090 | (551) | (451) | 261 | 2,134 | 4,249 |

A.2 Breakdown by geographical segment: Statement of Financial Position June 2012

| | Trentino | South Tyrol | Veneto | Lombardy | Emilia | Structure/ Head office | Overall amounts |
|-----------------------------|----------|-------------|---------|----------|--------|---------------------------|------------------|
| Lending operations | 351,068 | 317,272 | 287,095 | 202,737 | 89,241 | 571,720 | 1,819,133 |
| Borrowing operations | | | | | | 1,609,902 | 1,609,902 |

A.2 Breakdown by geographical segment: Statement of Financial Position December 2011

| | Trentino | Alto Adige | Veneto | Lombardia | Emilia | Structure/ Head office | Overall amounts |
|-----------------------------|----------|------------|---------|-----------|--------|---------------------------|------------------|
| Lending operations | 354,167 | 323,913 | 296,211 | 212,149 | 93,072 | 336,580 | 1,616,093 |
| Borrowing operations | | | | | | 1,398,088 | 1,398,088 |

SECONDARY SEGMENT REPORTING BASIS

B.1 Breakdown by business segment: Statement of Income First Half 2012

| | Investment credit | Building | Credit leasing | Agricultural credit and facilitated credit | Other activities | Total |
|--|----------------------|--------------|-------------------|---|---------------------|---------------|
| Net interest income | 4,119 | 1,032 | 292 | 1,521 | 5,536 | 12,500 |
| <i>Net commissions</i> | <i>920</i> | <i>43</i> | <i>14</i> | <i>14</i> | <i>(248)</i> | <i>742</i> |
| Dividends and similar incomes | | | | | (229) | (229) |
| Net interest and other banking income | 5,039 | 1,075 | 306 | 1,534 | 5,059 | 13,013 |
| Adjustments/write backs | (2,272) | (1,125) | (253) | 368 | 1 | (3,280) |
| Net income from financial activities | 2,767 | (50) | 53 | 1,903 | 5,060 | 9,733 |

B.1 Breakdown by business segment: Statement of Income First Half 2011

| | Investment credit | Building | Credit leasing | Agricultural credit and facilitated credit | Other activities | Total |
|--|----------------------|--------------|-------------------|---|---------------------|---------------|
| Net interest income | 3,932 | 1,161 | 413 | 1,768 | 4,629 | 11,903 |
| <i>Net commissions</i> | <i>402</i> | <i>74</i> | <i>12</i> | <i>2</i> | <i>362</i> | <i>852</i> |
| Dividends and similar incomes | | | | | 155 | 155 |
| Net interest and other banking income | 4,334 | 1,235 | 426 | 1,769 | 5,146 | 12,910 |
| Adjustments/write backs | (1,789) | (500) | (724) | (47) | (436) | (3,497) |
| Net income from financial activities | 2,545 | 735 | (299) | 1,722 | 4,710 | 9,413 |

B.2 Breakdown by business segment: Statement of Financial Position June 2012

| | Investment credit | Building | Credit leasing | Agricultural credit and facilitated credit | Other activities | Total |
|-----------------------------|----------------------|----------|----------------|---|------------------|------------------|
| Lending operations | 888,202 | 141,599 | 71,504 | 299,225 | 418,603 | 1,819,133 |
| Borrowing operations | | | | | 1,609,902 | 1,609,902 |

B.2 Breakdown by business segment: Statement of Financial Position December 2011

| | Investment credit | Building | Credit leasing | Agricultural credit and facilitated credit | Other activities | Total |
|-----------------------------|----------------------|----------|----------------|---|------------------|------------------|
| Lending operations | 837,759 | 148,037 | 75,473 | 315,100 | 239,724 | 1,616,093 |
| Borrowing operations | | | | | 1,398,088 | 1,398,088 |

**CERTIFICATION PURSUANT TO
ARTICLE 81-TER OF CONSOB
REGULATION ON ISSUERS**

Certification of the Financial Statements for the period pursuant to Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and its subsequent amendments and additions.

1. The undersigned Franco Senesi, chairman of the Board of Directors and Leo Nicolussi Paolaz, manager responsible for the preparation of Mediocredito Trentino – Alto Adige S.p.A.'s financial reports, in consideration of the requirements of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998 herewith attest to:
 - the appropriateness given the characteristics of the business and
 - the actual application of the administrative and accounting procedures followed for the formation of condensed financial statements during the first half of 2012.

2. No significant matters arose in this respect. The parties however state that Mediocredito Trentino – Alto Adige S.p.A. is now subject to the obligation pursuant mentioned earlier Article 154-bis of Legislative Decree 58/98 of contemplating the figure of "Manager responsible for preparing the company's financial reports"; this is because the Bank (in the context of the EMTN programme) has issued bonds that are listed on the Luxemburg stock exchange whilst choosing Italy as country of origin. The assessment of the administrative and accounting procedures for preparing the financial reports for the business period closed on 30th June 2012 and has been based on procedures consistent with the reference standards of the internal control system of the Bank.

3. The parties further declare that:
 - 3.1. The financial statements:
 - a) have been prepared in accordance with the applicable international accounting standards as endorsed by the European Union under EC Regulation No. 1606/2002 of the European Parliament and Council of 19th July 2002;
 - b) agree with the results of the accounting records and entries;
 - c) are such as to provide a true and accurate representation of the Statement of Financial Position, Income Statement and financial position of the Issuer;
 - 3.2. the Interim Management Report refers to important events that occurred in the first six months of the financial year and to their impact on the half-yearly condensed financial statements, whilst also describing the main risks and uncertainties for the remaining six months of the financial year.

Trento, 27th August 2012

The Chairman of the Board of Directors
Franco Senesi

The Manager in charge of preparing the
company's financial documents
Leo Nicolussi Paolaz

INDEPENDENT AUDITOR REPORT



AUDITORS' REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012

To the Shareholders of
Mediocredito Trentino – Alto Adige SpA

- 1 We have reviewed the condensed interim financial statements of Mediocredito Trentino – Alto Adige SpA as of 30 June 2012, which comprise the balance sheet, income statement and statement of comprehensive income, statements of changes in shareholders' equity and cash flows and related selected illustrative notes. The directors of Mediocredito Trentino – Alto Adige SpA are responsible for the preparation of the condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.
- 2 We conducted our review in accordance with the criteria for a review recommended by CONSOB, the national stock exchange commission, with resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned financial statements. The limited review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike the audit on the annual financial statements, we do not express a professional audit opinion on the condensed interim financial statements.

Regarding the comparative data of the financial statements of the prior period and of condensed interim financial statements of the prior interim period, which are presented for comparative purposes, reference is made to our reports dated 5 April 2012 and dated 29 August 2011 respectively.

- 3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of Mediocredito Trentino – Alto Adige SpA as of 30 June 2012 have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Padua, 28 August 2012

PricewaterhouseCoopers SpA

Signed by

Alessandra Mingozzi
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

PricewaterhouseCoopers SpA

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