CASSA del TRENTINO

FINANCIAL STATEMENTS 2013

FINANCIAL STATEMENTS AND REPORTS

AT 31 DECEMBER 2013

Cassa del Trentino S.p.A.

Single member company

Registered office in Trento - Via Clementino Vannetti, 18/A – 38122

Share capital Euro 52,555,650.00 fully paid-in

Trento Register of Companies, Fiscal Code/VAT no. 01948600224

Company subject to the management and coordination activities of

Provincia Autonoma di Trento - Fiscal code 00337460224

CONTENTS

BOARD OF DIRECTORS

Chairman:	*Gianfranco Cerea*
Deputy Chairman:	*Giuseppe Zadra*
Directors:	*Michele Andreaus* *Fabio Ramus* *Luisa Tretter*
CEO:	*Lorenzo Bertoli*

BOARD OF AUDITORS

Chairman:	*Cristina Odorizzi*
Acting Auditors:	*Mauro Di Valerio* *Lucia Zandonella Maiucco*
Alternate Auditors:	*Manuela Conci* *Giancarlo Agostini*

STATUTORY AUDIT

PricewaterhouseCoopers S.p.A.

REPRESENTATION OF FINANCIAL STATEMENTS AT 31 DECEMBER 2013

BALANCE SHEET - ASSETS

CASSA DEL TRENTINO S.p.A.

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Financial statements at 31.12.2013

(in Euro)

ASSET ITEMS	31/12/2013		31/12/2012	
10. CASH AND CASH EQUIVALENTS		**1,012**		**732**
40. FINANCIAL ASSETS AVAILABLE FOR SALE		**43,621,021**		
50. FINANCIAL ASSETS HELD TO MATURITY		**20,631,231**		**20,314,396**
60. RECEIVABLES		**1,900,084,555**		**1,622,163,324**
70. HEDGING INSTRUMENTS		**156,324**		**272,015**
90. EQUITY INVESTMENTS		**3,567,214**		
100. TANGIBLE ASSETS		**7,492,618**		**83,220**
110. INTANGIBLE ASSETS		**16,309**		**26,707**
120. TAX ASSETS		**1,075,362**		**60,961**
a) current	569,155		60,934	
b) deferred	506,207		27	
under Law 214/2011				
140. OTHER ASSETS		**709,226**		**448,375**
TOTAL ASSETS		**1,977,354,872**		**1,643,369,730**

BALANCE SHEET – LIABILITIES

CASSA DEL TRENTINO S.p.A.

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(in Euro)

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2013		31/12/2012	
10. PAYABLES		**790,981,295**		**625,828,615**
20. SECURITIES IN ISSUE		**1,039,413,142**		**962,065,277**
50. HEDGING INSTRUMENTS		**3,010,207**		**4,884,679**
70. TAX LIABILITIES:		**2,018,637**		**134,846**
a) current	1,207,749		59,694	
b) deferred	810,888		75,152	
90. OTHER LIABILITIES		**30,601,513**		**7,986,039**
100. EMPLOYEE SEVERANCE INDEMNITIES (TFR)		**338,924**		**35,546**
120. SHARE CAPITAL		**52,555,650**		**7,600,000**
150. SHARE PREMIUM RESERVE		**6,753,045**		
160. RESERVES		**42,879,586**		**28,668,001**
170. VALUATION RESERVES		**3,641,408**		**157,408**
180. NET INCOME (LOSS) FOR THE YEAR		**5,161,466**		**6,009,320**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,977,354,872**		**1,643,369,730**

INCOME STATEMENT

CASSA DEL TRENTINO S.p.A.

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Provincia Autonoma di Trento - Fiscal code 00337460224

Financial statements at 31.12.2013

(in Euro)

ITEMS	31/12/2013		31/12/2012	
10. Interest income and similar income		**62,812,010**		**56,714,374**
20. Interest expense and similar expenses		**(46,705,853)**		**(42,461,832)**
INTEREST MARGIN		**16,106,157**		**14,252,542**
30. Commission income		**9,767**		
40. Commission expenses		**(23,256)**		**(17,258)**
NET COMMISSION		**(13,489)**		**(17,258)**
70. Net income from hedging		**11,883**		**-21,989**
OPERATING INCOME		**16,104,551**		**14,213,294**
110. Administrative expenses:		**(2,418,518)**		**(2,086,051)**
a) payroll and related costs	**(1,451,626)**		**(1,355,441)**	
b) other administrative expenses	**(966,892)**		**(730,610)**	
120. Net adjustments to/recoveries on tangible assets		**(43,724)**		**(18,663)**
130. Net adjustments to/recoveries on intangible assets		**(12,680)**		**(12,644)**
160. Other operating income and expenses		**440,339**		**323,079**
OPERATING PROFIT		**14,069,968**		**12,419,016**
170. Gains (losses) on investments		**16,773**		
180. Gains (losses) on disposal of investments				
NET INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION		**14,086,741**		**12,419,016**
190. Taxes on income from continuing operations		**(8,925,276)**		**(6,409,696)**
NET INCOME (LOSS) FROM ORDINARY ACTIVITIES NET OF TAXATION		**5,161,466**		**6,009,320**

COMPREHENSIVE INCOME STATEMENT

CASSA DEL TRENTINO S.p.A.

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Financial statements at 31.12.2013

(in Euro)

	ITEMS	2013	2012
10	**Profit (Loss) for the year**	**5,161,466**	**6,009,320**
	Other comprehensive income, net of taxes without reversal to Income Statement		
20	Tangible assets		
30	Intangible assets		
40	Defined benefit plans	21,572	
50	Non-current assets held for sale		
60	Share of valuation reserves of equity investments valued at net equity		
	Other comprehensive income, net of taxes with reversal to Income Statement		
70	Hedges of foreign investments		
80	Exchange rate differences		
90	Cash flow hedges	(62,648)	33,353
100	Financial assets available for sale	15,858	
110	Non-current assets held for sale		
120	Share of valuation reserves of equity investments valued at net equity		
130	**Total other comprehensive income, net of tax**	**(25,218)**	**33,353**
140	**Comprehensive income (Item 10 + 130)**	**5,136,248**	**6,042,673**

STATEMENT OF CHANGES IN EQUITY 2013

(in Euro)

	Balance at 31.12.2012	Change in opening balance	Balance at 01.01.2013	Allocation of profit previous year		Change for the year							Comprehensive income year 2013	Shareholders' equity at 31.12.2013
								Operations on shareholders' equity						
				Reserves	Dividends and other allocations	Changes in merger reserves	Changes in reserves	Issue of new shares	Purchase of own shares	Extraordinary dividend distribution	Changes in equity instruments	Other changes		
Share capital	7,600,000		7,600,000			44,955,650								52,555,650
Issue of share premium						6,753,045								6,753,045
Reserve:	28,668,001		28,668,001	2,589,320		10,192,681	1,429,584							42,879,586
a) of profits;	28,668,001		28,668,001	2,589,320		10,192,681	1,429,584							42,879,586
b) other														
Valuation reserves	157,408		157,408			3,509,218							(25,218)	3,641,408
Equity instruments														
Treasury stock														
Net income (loss) for the year	6,009,320		6,009,320	(2,589,320)	(3,420,000)								5,161,466	5,161,466
Shareholders' equity	**42,434,729**		**42,434,729**		**(3,420,000)**	**65,410,595**	**1,429,584**						**5,136,248**	**110,991,155**

The dividend referred to the profit in 2012 and released in 2013 was 0.45 Euro per share. Following the significant changes in reserves that occurred as a result of the merger with Tecnofin Trentina SpA, a special column called "Change of merger reserves" has been included in the Statement of Changes in Shareholders' Equity 2013.

STATEMENT OF CHANGES IN EQUITY 2012

(in Euro)

	Balance at 31.12.2011	Change in opening balance	Balance at 01.01.2012	Allocation of profit previous year		Change for the year						Comprehensive income year 2012	Shareholders' equity at 31.12.2012
							Operations on shareholders' equity						
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Extraordinary dividend distribution	Changes in equity instruments	Other changes		
Share capital	7,600,000		7,600,000										7,600,000
Issue of share premium													
Reserve:	25,386,416		25,386,416	3,281,585									28,668,001
a) of profits;	25,386,416		25,386,416	3,281,585									28,668,001
b) other													
Valuation reserves	124,055		124,055									33,353	157,408
Equity instruments													
Treasury stock													
Net income (loss) for the year	7,841,585		7,841,585	(3,281,585)	(4,560,000)							6,009,320	6,009,320
Shareholders' equity	**40,952,056**		**40,952,056**		**(4,560,000)**							**6,042,673**	**42,434,729**

CASH FLOW STATEMENT (INDIRECT METHOD)

(in Euro)

A. OPERATING ACTIVITIES	Amount	
	31/12/2013	31/12/2012
1. Management	**32,559,456**	**664,490**
- year result (+/-)	5,161,466	6,009,320
- gains / losses on hedging activities (-/+)	(11,883)	21,989
- net impairment losses on tangible and intangible assets (+/-)	56,404	31,307
- taxes and tax credits not settled (+/-)	8,916,906	6,410,404
- other adjustments (+/-)	18,436,563	(11,808,530)
2. Liquidity generated / absorbed by financial assets	**(295,522,597)**	**(150,750,640)**
- financial assets available for sale	(1,600,000)	
- amounts due from banks	(97,355,294)	19,283,339
- amounts due from customers	(196,556,038)	(173,897,379)
- other assets	(11,265)	3,863,400
3. Liquidity generated / absorbed by financial liabilities	**266,391,262**	**174,975,101**
- amounts due to banks	59,592,612	204,711,936
- amounts due to customers	130,096,445	(130,889,163)
- debt securities in issue	77,347,865	104,998,439
- other liabilities	(645,660)	(3,846,111)
Net liquidity generated / absorbed by operating activities	**3,428,121**	**24,888,951**
B. INVESTMENT ACTIVITIES		
1. Cash generated from (+)	**0**	**0**
- sales of investments		
- dividends received on equity investments		
- sales of financial assets held to maturity		
- sales of tangible assets		
- sales of intangible assets		
2. Cash absorbed by (+)	**(7,842)**	**(20,328,674)**
- purchase of financial assets held to maturity		(20,314,396)
- purchase of tangible assets	(6,723)	(12,836)
- purchase of intangible assets	(1,119)	(1,442)
Net liquidity generated / absorbed by investment activities	**(7,842)**	**(20,328,674)**
C. FINANCING ACTIVITIES		
- distribution of dividends and other purposes	(3,420,000)	(4,560,000)
Net liquidity generated / absorbed by financing activities	**(3,420,000)**	**(4,560,000)**
NET CASH GENERATED / ABSORBED DURING THE YEAR	**279**	**277**

KEY: (+) generated (-) absorbed

RECONCILIATION

BALANCE SHEET ITEMS	Amount	
	31/12/2013	31/12/2012
Cash and cash equivalents at start of the year	732	456
Total net liquidity generated / absorbed during the year	279	277
Cash and cash equivalents at year end	1,012	732

Trento, 11 June 2014

The Board of Directors

The Chairman

- *Prof. Gianfranco Cerea* -

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS AT 31.12.2013

These Notes consist of:

PART A - ACCOUNTING POLICIES

A.1 – GENERAL

Section 1 - Statement of compliance with international accounting standards

Among the subjects required to prepare the financial statements in accordance with international accounting standards, Art. 2, letter a) of Legislative Decree no. 38/2005, indicates "the issuers of financial instruments admitted to trading on a regulated market of any Member State of the European Union."
The company falls under such a category, starting from 2010, having issued debt instruments admitted to trading on regulated markets and electing Italy as the "home Member State".
The Company has therefore prepared the financial statements in accordance with IAS/IFRS accounting principles issued by the IASB and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, as established by Regulation no. 1606 of 19 July 2002.

The application of International Financial Reporting Standards has been applied with reference to the "Framework for the Preparation and Presentation of Financial Statements". In the absence of a Standard or an Interpretation that specifically applies to a transaction, other event or condition, the management uses its judgment in developing and applying an accounting standard in order to provide information that is:

1. relevant to the economic decisions by users;
2. reliable, in such a way that the budget:
    a. faithfully represents the balance sheet - financial position, results of operations and cash flows;
    b. reflects the economic substance of transactions, other events and conditions, and not merely their legal form;
    c. is neutral, that is, free from bias;
    d. is prudent;
    e. is complete in all relevant aspects.

In making the judgment described above, the management shall refer to and consider the applicability of the following sources in descending order:
1. the requirements and guidance in the Standards and Interpretations dealing with similar and related issues;
2. the definitions, recognition criteria and measurement concepts for the accounting of assets, liabilities, revenues and expenses in the Framework.

In making the judgment, the management may also consider the most recent requirements issued by other setting bodies responsible for accounting standards that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices.
In compliance with art. 5, paragraph 1, of Legislative Decree n. 38 of 28 February 2005, if in exceptional cases the application of a provision laid down by international accounting standards is incompatible with a true and fair view of the consolidated financial position and results of operations, the provision must not be applied.
The reasons for the exception and its influence on the representation of the assets and liabilities, financial position and results of operations shall be given in the notes.
Any profits resulting from the exemption shall be recorded in the company financial statements under a non-distributable reserve, if not to an extent corresponding to the value recovered.

Section 2 - Basis of preparation

In the financial statements, for the purpose of presentation and measurement, the international accounting standards IAS / IFRS issued by the International Accounting Standards Board (IASB) have been followed in addition to the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Union, and the Bank of Italy Instructions issued on 21 January 2014: *"Instructions for the preparation of financial statements and reports of the Financial Intermediaries pursuant to art. 107 of the Consolidated Banking Act, the payment institutions, electronic money institutions, asset management companies and securities brokerages."*
The Financial Statements consist of:

1. Balance sheet;
2. Income statement;
3. Comprehensive Income Statement;
4. Statement of changes in shareholders' equity;
5. Cash flow statement;
6. Notes.

The Report is accompanied by the Report on Operations, previously exposed.
The financial statements have been drawn up clearly and give a true and fair view of the assets, liabilities, financial position and results of operations.
If the information required by the international accounting standards and the provisions contained in the Bank of Italy Instructions mentioned above is not sufficient to give a true and fair view that is relevant, reliable, comparable and understandable, information necessary for such purposes will be provided in the notes.
The Balance Sheet and Income Statement are made up of items, identified by numbers, sub-items, identified by letters, and other details, the "of which" of the

headings and subheadings. The items, sub-items and details make up the financial accounts.
For each item of the Balance Sheet, Income Statement, comprehensive income statement and cash flow statement reference is also made to the amount of the previous year. If the items are not comparable, those from the previous year are adequate; the lack of comparability and adaptation or the impossibility thereof is reported in the notes.
In accordance with the provisions of art. 5 of Legislative Decree no. 38 of 28 February 2005, the financial statements have been prepared using the Euro as its currency. In particular, all the documents that comprise the financial statements have been prepared in Euro.
The financial statements have been prepared on a going concern basis, in accordance with the principle of accrual accounting, in accordance with the principle of relevance and significance of the information, prevalence of substance over form and in order to promote consistency with the future presentations.
Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately, unless they are immaterial.
The assets and liabilities, income and expenses are not offset, except in cases where it is expressly required or permitted by a Standard or an Interpretation.
In the presence of events subsequent to the reporting date that, pursuant to IAS 10, require an adjustment to be made, these adjustments shall be carried out on all amounts reported in the financial statements that are affected. Subsequent events that do not involve an adjustment and, therefore, reflect circumstances that have arisen subsequent to the reporting date are disclosed in the notes in Section 3, where relevant and, therefore, able to influence the economic decisions of users.
In the event of a merger by incorporation, the comparative figures of the acquiring entity are shown in the financial statements and notes for the previous year (T-1).

Section 3 - Events subsequent to the date of the financial statements

Subsequent to the balance sheet date, no significant events occurred which could cause effects on the balance sheet, income and cash flow statements represented in these financial statements.
However, to see any significant events that occurred after the reporting period, please refer to paragraph 6 of the Report on Operations.

Section 4 - Other aspects

The financial statements have been audited by PricewaterhouseCoopers S.p.A., pursuant to the shareholders' resolution dated 30.04.2010, which appointed said company with the responsibility of the statutory audit in accordance with art. 14 of Legislative Decree no. 39/2010, for the financial years ended 31 December 2010 to 31 December 2018.

The main cases for which subjective assessments are expected to be performed by the Board of Directors are:

- the use of valuation models for determining the fair value of financial instruments not quoted in active markets;
- the quantification of losses for impairment of loans and, in general, other financial assets;
- the determination of the fair value of financial instruments to be used for reporting purposes;
- evaluating the reasonableness of the value of goodwill and other intangible assets;
- the quantification of the provisions for personnel and contingencies;
- the estimates and assumptions regarding the recoverability of deferred tax assets.

The description of the accounting policies applied on the aggregated financial statements provides the information needed to identify the main assumptions and subjective judgments used in preparing the financial statements.
For further detailed information on the composition and relative carrying values of items affected by the estimates in question, however, refer to the specific sections of the notes.

Statement of change in accounting principle

For the preparation of the financial statements, the same accounting policies and methods used in the preparation of the annual financial statements at 31 December 2012 were adopted, supplemented on the basis of the changes, reported below, to the international accounting standards IAS/IFRS and related SIC/IFRIC interpretations, endorsed by the European Commission, the application of which is mandatory from 1 January 2013.

<u>IAS 1 "Presentation of Financial Statements" and IFRS 7 "Financial Instruments: Disclosures"</u>

Amendments to IAS 1 do not change the criteria for the preparation of the financial statements, but new disclosure requirements that must be considered in the preparation of the financial statements at 31 December 2013 are introduced.
In particular, the objective of the amendments to IAS 1 is to increase the clarity of the statement of comprehensive income (Other Comprehensive Income - OCI) by grouping together the items that will not be the subject of future reversal to the income statement and those that may be the subject of reversal to the income statement under certain conditions.
The changes to IFRS 7, however, aim to facilitate a more accurate assessment of the risks connected to the transfer of financial assets and the related effects on the financial position of the company as well as to make transfer operations more

transparent. More specifically, specific information on securitization operations is normatively expected under the main object of the amendments to IFRS 7.

IAS 19 "Employee Benefits"

The purpose of the amendments to IAS 19 is to promote the understanding and comparability of financial statements, especially with respect to defined benefit plans. The most significant novelty introduced concerns the elimination of the "corridor method", with immediate recognition in the comprehensive income statement of changes in the value of the obligations and assets of the service plan. The changes introduced by the new IAS 19 should be applied retrospectively in accordance with IAS 8 and the transitional provisions contained in the same principle, by proceeding to restate the financial statements for the period of the previous year (T-1) and by reporting its effects on shareholders' equity in the profits / losses brought forward items.
Given the lack of significance of the 2012 change in the fund for severance indemnities, due to the change in question (Euro 2,667), the Company has not deemed it necessary to restate the prior financial statements at 31 December 2012.

IFRS 13 "Evaluation of the fair value"

The aim of the new standard is to group the rules for the determination of fair value in a single principle, replacing the rules that were distributed in the various accounting standards. The new IFRS 13 does not extend the use of fair value, but it provides comprehensive and practical instructions on how to measure the fair value of assets and liabilities, even in the presence of inactive or illiquid markets, and in particular the default risk in determining the fair value of OTC derivative contracts and financial liabilities measured at fair value. This risk includes both the changes in the creditworthiness of the counterparty (credit value adjustment - CVA) and the changes in its credit rating (debt value adjustment - DVA and own credit adjustments - OCA).
In accordance with the transitional provisions of IFRS 13, the Company has applied the new method of measurement at fair value prospectively and, despite the rule stating that the disclosure requirements do not necessarily have to be applied in order to provide comparative information for the prior year, the Company has also opted for the application on a retrospective basis in order to make such information more comparable.
For the criteria for determining the fair value, refer to that stated in the specific notes in this respect in the following paragraph "Other information".

Merger with Tecnofin Trentina S.p.A.

As comprehensively outlined in "1. Significant events of the year 2013" of the report on operations, during the 2013 financial year, Cassa del Trentino S.p.A. merged with the Company originated from the splitting of Tecnofin Trentina S.p.A..
Upon this transaction, an interim financial report at 30 October 2013 of the merged company has been prepared pursuant to Article 2501 quater and 2506 ter of the Civil Code, prepared in accordance with GAAP (OIC).
ANNEX 2 shows the Income Statement and Balance Sheet of the interim report cited, of which the Cassa del Trentino Board of Directors noted in their amended and final version at the meeting on 24 January 2014.
After being imported into the Cassa del Trentino balance sheet, the balances as at 30 October 2013 of the merged company, prepared in accordance with Italian GAAP, were subjected, where necessary, to a process of adjustment and reclassification in order to align the IAS/IFRS accounting principles used by Cassa del Trentino in the preparation of its financial statements.
In order to offset adjustments made, this process of adjustment has led to the handling of retained earnings and valuation, as explained in the body of these notes and detailed in ANNEX 3.

A.2 – NOTES TO THE MAIN FINANCIAL STATEMENTS ITEMS

ACCOUNTING PRINCIPLES

The following are the accounting policies adopted in the preparation of the financial statements at 31.12.2013 with reference to the classification, recognition, measurement and derecognition of assets and liabilities, as well as the mode of recognition of revenues and costs.

FINANCIAL ASSETS HELD FOR TRADING

Classification criteria

The item for financial assets held for trading includes shareholders’ equity or debt securities acquired principally for the purpose of obtaining profits in the short term.
This category also includes derivatives (IAS 39), which present a positive fair value at the closing date of the financial statements and which have not been designated as effective hedging instruments (in this case they converge with item 70 under assets).
The Company has no assets classified in this category.

Recognition criteria

Initial recognition takes place on the execution date.
The initial assessment is performed at fair value and normally corresponds to the amount paid, without taking the costs or income from the transaction into consideration as these are recognised in the Income Statement.

Valuation criteria

Subsequent measurements are performed at fair value, with changes in compensation to the Income Statement. If the fair value of an asset becomes negative, the entry is classified as financial liabilities held for trading (item 30).
For the criteria used to determine fair value, see the following section "Other information".

Derecognition criteria

Assets held for trading are derecognised when the contractual rights to the cash flows from the assets expire or when the asset is sold, transferring all risks and benefits associated with it.

Recognition of income statement items

Positive items of income represented by interest earned on securities and other income are recognised on an accrual basis in the income statement items relating to interest. Income and expenses on derivatives, as well as the gains and losses from the sale of derivatives classified as financial assets held for trading, together with changes in fair value are recorded in "Profits (losses) on trading".

FINANCIAL ASSETS AT FAIR VALUE

Classification criteria

The category of financial assets measured at fair value includes financial instruments not held for trading purposes, for which the "Fair Value Option" has been applied in accordance with IAS 39 paragraph 9.
The Company has no assets classified in this category.

FINANCIAL ASSETS AVAILABLE FOR SALE

Classification criteria

The category of financial assets available for sale includes all non derivative financial assets that do not fit within the categories of receivables, financial assets held for trading, financial assets measured at fair value or assets held to maturity.

These are financial assets that the Company intends to hold for an undetermined period of time and which can be sold for liquidity needs, changes in interest rates, exchange rates and market prices. These may be represented by:

- listed and unlisted debt securities;
- listed and unlisted equity securities;
- Undertakings for Collective Investment (mutual funds and open-ended investment companies);
- shareholdings not classifiable as subsidiaries, associates or joint ventures.

Recognition criteria

Initial recognition takes place on the execution date. The initial assessment is performed at fair value including costs and revenues related to the transaction and directly attributable to the instrument.
The recognition of financial assets available for sale may also result from the reclassification of "Financial assets held to maturity" or, only in rare circumstances and in any case only if the asset is no longer held for the purpose of selling or repurchasing in the short term, the "Financial assets held for trading"; in such circumstances, the carrying value is equal to the fair value of the asset at the time of transfer.

Valuation criteria

Subsequent measurements are performed at fair value. For the criteria used to determine fair value, see the following section "Other information".
The shares in the capital of other companies, other than subsidiaries and associates, not quoted in an active market and whose fair value cannot be estimated reliably, are measured at cost. Any permanent losses in value are recognised in the Income Statement.
The assets are tested for objective evidence of non-temporary impairment (impairment test). For debt securities, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the present value of cash flows discounted at the original effective interest rate.
If a financial asset available for sale undergoes a decrease in impairment, the cumulative unrealised loss previously recorded in shareholders’ equity is removed from shareholders’ equity and recorded in the income statement under "Net adjustments to / recoveries on impairment of financial assets."
For the assessment of situations that entail a loss for impairment and the determination of the amount, the Company uses all the information available based on events that have already occurred and on observable data available at the valuation date .
In relation to debt securities, the information that is considered primarily relevant to the assessment of potential losses due to impairment are as follows:

- existence of significant financial difficulty of the issuer, resulting from default or delinquency in interest or principal payments;
- probability of insolvency proceedings being opened;
- disappearance of an active market for financial instruments;

- worsening economic conditions that impact on the cash flows of the issuer;
- downgrading of the creditworthiness of the issuer, when accompanied by other negative news on the financial situation of the latter.

With respect to equity securities, the information that is deemed relevant for purposes of impairment losses includes the verification of changes in the technological, market, economic or legal areas in which the issuer operates.
A significant or prolonged decline in the fair value of an equity instrument below its cost is considered objective evidence of impairment.

Derecognition criteria

Assets available for sale are derecognised when the contractual rights to the cash flows from the assets expire or when the asset is sold, with the transfer to the purchaser of substantially all the risks/benefits of ownership.

Recognition of income statement items

The positive or negative changes in the fair value of financial assets available for sale are recognised in shareholders' equity under a specific reserve, net of tax, until the financial asset is derecognised or is no longer recognized as an impairment loss value.
The dividends for equity securities are recognised in the Income Statement under "Dividends and similar income". The income statement shows the interest calculated using the effective interest rate method under "Interest and similar income", which takes into account both the amortisation of transaction costs and the difference between cost and redemption value.
At the time of derecognition, the effects resulting from the profit or loss accumulated in the reserve for financial assets available for sale are recognised in the income statement under "Profits (losses) on disposal or repurchase of financial assets."

FINANCIAL ASSETS HELD TO MATURITY

Classification criteria

Assets held to maturity are represented by financial instruments other than derivatives, with fixed or determinable payments and fixed maturity, quoted in an active market (Level 1), which the Company has the positive intent and ability to hold to maturity. If, as a result of a change of will or loss of capacity, it is no longer appropriate to maintain investments in that category, they shall be transferred to assets available for sale.
Whenever sales or reclassifications are significant in terms of quantity and quality, any investment held to residual maturity shall be reclassified as available for sale.

Recognition criteria

Initial recognition occurs on the settlement date, if adjusted with the expected market timing, otherwise it occurs on the trade date.
The initial assessment is performed at fair value, which generally corresponds to the sum paid including any directly attributable costs and revenues.
Where the recognition of assets in this category results from the reclassification of "Financial assets available for sale", the fair value of the asset, measured at the time of the transfer, will be the new measure of the amortised cost of the asset.

Valuation criteria

Subsequent measurements are performed at amortised cost, using the effective interest rate method.
Profits and losses relating to these assets are recorded in the income statement with the amortisation of the difference between the initial recognition value and the redemption value at maturity. The Income Statement is also involved when such assets are derecognised or have suffered an impairment loss.
Financial assets held to maturity are subject to impairment testing to determine whether there is objective evidence of impairment. Where there is such evidence, the loss, calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original interest rate, is charged to the income statement. If the reasons that led to the recording of the loss of value, a value readjustment is made and recorded in the Income Statement. In any case, the value readjustment may not exceed the amortised cost that the asset would have had in the absence of previous adjustments.

Derecognition criteria

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or when the financial asset is sold, with the transfer to the purchaser of substantially all the risks/benefits of ownership.

Recognition of income statement items

The positive components of income represented by interest income and other income are recognised on an accrual basis, based on the effective interest rate, under the heading "Interest and similar income".
Profits or losses on the disposal of assets are recognised under "Profits/losses on disposal or repurchase of financial assets."
Any reductions in value are recognised under "Net adjustments to / write-ups on impairment of financial assets". After that, if the reasons which have led to the evidence of the impairment loss are removed, write-ups shall be recorded in the income statement under the same item.

LOANS AND ACCOUNTS RECEIVABLE

Classification criteria

Loans and accounts receivables include non-derivative financial assets, including any debt securities with fixed or determinable payments that are not quoted in an active market (Level 2 and 3), except for those classified as financial assets held for trading or those that are intended to be sold in the short term or those that have been designated, since the initial recognition, at fair value through profit or loss and those classified as available for sale.
This item also includes all current accounts with banks, loans to financial institutions, loans to customers, or receivables from the Province and the municipalities (mortgage assets), securities in the portfolio not listed including debt securities acquired on subscription or via private placements, with known or determinable repayments, that are not listed in active markets.
Entry in this category may also result from the reclassification of "Financial assets available for sale" or only in rare circumstances and in any case only if the asset is no longer held for the purpose of selling or repurchasing in the short term, from the "Financial assets held for trading".
If the asset has been reclassified, the fair value at the time of the transfer is taken as the new measure of the amortised cost of the asset.

Recognition criteria

Accounts receivable are recorded in the financial statements at the time of issue or provision of the service.
Receivables from the Province for the year are recorded in the balance sheet when it is granted.
The initial recognition of receivables is made at the fair value of the financial instrument, including the costs / revenues directly attributable to the instrument and determinable from the outset, even if paid at a later date. Costs refunded by the debtor and those that are considered normal internal administrative costs are excluded, even if they have the above characteristics.
Loans not considered "on demand" and concluded on terms different from those of the market value are recognised at fair value, determined using appropriate valuation techniques; the difference, compared to the amount paid, is recognised directly in the income statement. If the counterparty in such transactions is the Provincia Autonoma di Trento shareholder, the latter being the parent company of Cassa del Trentino, the difference is recognised in the reserves of the balance sheet ex OPI 9.

Valuation criteria

After initial recognition, receivables are measured at amortised cost, equal to the initial recognition minus principal repayments, adjustments/write-ups and amortisation - calculated using the effective interest rate method - of the difference between the amount issued and the amount repayable at maturity, typically attributable to the costs/revenues directly attributable to the individual loan.
The effective interest rate is determined by calculating the rate that equates the present value of future cash flows, by share capital and interest, to the amount disbursed inclusive of costs/income attributable to the loan. This method of accounting, using financial logic, allows for the distribution of the economic effect of costs/income over the remaining life of the loan.
The amortised cost method is not used to value short-term loans, since the effect of discounting would be negligible. These loans are valued at historical cost and the related cost/revenues are allocated to the income statement on a straight-line basis over the loan contract period. A similar approach is adopted to loans without a fixed maturity date and those repayable on demand.
At each balance sheet date, loans and receivables are reviewed to identify those displaying objective evidence of impairment as a result of events subsequent to their initial recognition.
The loans hedged by derivative instruments represented in hedge accounting are recognised at amortised cost adjusted for the change in fair value attributable to the hedged risk, which occurred between the date of the hedging and the balance sheet date.

Derecognition criteria

Loans that have been sold are derecognised only if the sale involved the transfer of substantially all the risks and benefits of ownership. Conversely, where risks and rewards relating to the transferred loans are maintained, these continue to be recognised as assets in the balance sheet, even though the legal title has been transferred.
In case it is not possible to ascertain the substantial transfer of risks and benefits, loans are derecognised where there is no longer any kind of control over them. Otherwise, preservation, even in part, of this control means they are kept on the balance sheet under receivables in an amount equal to the residual involvement, measured by the exposure to changes in value of the receivables sold and to variations in cash flows. Finally, assigned receivables are derecognised in the event that there is preservation of the contractual rights to receive the related cash flows, with a simultaneous obligation to pay such cash flows, and only them, to other third parties.

Recognition of income statement items

Interest on loans are classified in "Interest and similar income" and are recognised according to the accrual method. The profits/losses from the sale of receivables are recognised under "Profits/losses on disposal or repurchase of financial assets." Adjustments/write-ups are recognised under "Net adjustments to / write-ups on impairment of financial assets."

HEDGING

Classification criteria

This caption includes derivatives designated as effective hedging instruments which, at the reporting date of the financial statements, present a positive or negative fair value.
Hedging transactions are intended to offset potential losses on a particular item (or group of items), attributable to a specific risk via profits on a different item (or group of items) in the event that such risk should actually manifest.
The hedge types under IAS 39 are:
- fair value hedges, which aim to hedge the exposure to changes in fair value of a recognised asset or liability attributable to a particular risk;
- cash flow hedges, which aim to hedge the exposure to changes in future cash flows attributable to a particular risk associated with a current balance sheet or which is highly probable in the future;
- hedges of a net investment in a foreign company whose activities have been, or are managed in a non-Euro country, or in another currency.

Recognition criteria

Derivative financial instruments for hedging purposes are recognised initially at fair value and are classified in the caption of Assets 70 "Hedging derivatives" and Liabilities 50 "Hedging derivatives", provided that at the reference date of the financial statements they present a positive or negative fair value.
The hedging transaction derives from a risk management strategy by default and must be consistent with the policies of risk management adopted. It is permitted to designate a derivative financial instrument as "hedging" if there is formal documentation of the relationship between the hedged item and the hedging instrument, including the high initial and perspective efficacy throughout its life.
The effectiveness of the hedge depends on the extent to which the changes in fair value of the hedged instrument, or its expected cash flows, are offset by those of the hedging instrument. Therefore, the effectiveness is measured by comparing these changes.
The cover is assumed to be highly effective when the expected and actual changes in fair value or cash flows of the hedging instrument lead to the recognition of a relationship between changes in the fair value of the hedging item and the change in fair value a derivative with technical and financial characteristics such as to ensure perfect coverage, falling within the range of 80% - 125%.
The assessment of effectiveness is made at each annual or interim financial statements closing using:

- prospective tests, which justify the application of hedge accounting, demonstrating its expected effectiveness;
- retrospective tests, which show the degree of effectiveness achieved in the period to which they relate.

If the tests do not confirm that the hedge is highly effective, the accounting for hedging transactions, as described above, is discontinued and the derivative contract is reclassified as trading instruments, while the financial instrument being hedged goes back to being evaluated according to the criteria of the original category and, in the case of cash flow hedges, any reserve is attributed to the income statement with the amortised cost method over the remaining term of the instrument.
The hedging relationship also ceases when the derivative expires or is sold or exercised and the hedged item is sold or expires or is repaid.

Valuation criteria

Financial hedging derivative instruments are initially recognised and subsequently measured at fair value. For the determination criteria of fair value, see the following section "Other information".

Derecognition criteria

Hedging derivatives are derecognised when the rights to receive cash flows from assets/liabilities have expired, or where the derivative is sold, or when the conditions to continue to account for the financial instrument between the hedges no longer exist.

Recognition of income statement items

Fair value hedges

The change in the fair value of the hedged item attributable to the hedged risk from the date of constitution of the hedging relationship is recorded in the income statement, together with the change in the fair value of the derivative instrument; any difference, which represents the partial ineffectiveness of the hedge, consequently determines the net economic effect, included in "Net income from hedging activities".
If the hedge no longer meets the conditions for hedge accounting and the hedge is revoked, the difference between the carrying value of the hedged item when the hedge ceases and what would have been its carrying value if the hedge had never existed is amortised to the income statement over the remaining life of the hedged item, based on the actual rate of return in the case of instruments recorded at amortised cost. If this difference is related to non-interest-bearing financial instruments, it is recorded immediately in the income statement.
If the hedged item is sold or repaid, the amount of unamortised fair value is recognised immediately in the income statement.

Cash flow hedges

Changes in the fair value of the hedging derivative are recognised in shareholders' equity amongst the revaluation cash flow hedge reserves, for the effective portion of the hedge, and the income statement for the part not considered effective.
When the cash flows hedges occur and are recorded in the Income Statement, the relevant profit or loss on the hedging instrument is transferred from shareholders' equity to the corresponding item in the income statement. When the hedging relationship no longer meets the conditions for hedge accounting, the relationship is terminated and all profits and losses recognised in shareholders' equity up to that date remain suspended therein and put back into the income statement under "Net income from trading activities" once there are cash flows relating to the risk originally hedged.

INVESTMENTS

Classification criteria

Investments refers to investments in the capital of other companies, generally represented by shares or shares and classified in investments in subsidiaries, associates (significant influence) and joint ventures.
In particular, they are thus defined:

a) subsidiary company: any undertaking over which the parent exercises "dominant control", that is, the power to govern the financial and operating policies to obtain benefits from its activities;
b) associated company: any company over which the investor has significant influence and which is neither a subsidiary nor an entity jointly controlled by a venturer. Significant influence is assumed when ownership is held, directly or indirectly through subsidiaries, of 20% or more of the voting power of the investee;
c) A jointly controlled company: any company in which the investor divides the control of an economic activity on the basis of a contractual agreement with others.

The concept of control in accordance with international accounting standards must be examined taking into account the general postulate of the prevalence of economic substance over legal operations.
It is assumed that control exists when the Company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control.

Recognition criteria

Investments are initially recognised at cost, including any directly attributable ancillary costs.

Valuation criteria

Investments are accounted for using the equity method. If there is evidence that the value of an investment may be impaired, the Company estimates the recoverable amount of the investment, taking into account the present value of future cash flows that it will generate, including the final disposal value of the investment.

Derecognition criteria

Investments are derecognised when the rights to receive cash flows from an asset expires, or when the investment is sold, and all of the related risks and benefits have been transferred.

Recognition of income statement items

The equity method requires that the variations thereof are recorded in the income statement under "Profits (losses) on investments". The same item will include any adjustments or write-ups related to the impairment of investments and profits or losses arising from the sale. Any dividends received from investments are used to reduce the value of the investment without passing through the income statement.

TANGIBLE ASSETS

Classification criteria

Tangible assets include plant, furniture, fittings and machinery and equipment of any kind. These are tangible assets held for use in the provision of business services or for administrative purposes and which are expected to be used for more than one year. The item also includes land, buildings for business purposes and those held for investment purposes.
"Operating property" is defined as that held for use in delivering services or for administrative purposes. Properties held to earn rentals or for capital appreciation or for both fall under property for investment.
They are classified as tangible assets as well as works of art.

Recognition criteria

Property, plant and equipment are initially recorded at cost, which includes, in addition to the purchase price, any costs directly attributable to the acquisition and operation of the asset.
Any maintenance costs resulting in an increase in future economic benefits are recognised as an increase in the value of assets, while maintenance costs are recognised in the Income Statement. Works of art are stated at cost.

Valuation criteria

Tangible fixed assets are measured at cost, less any depreciation and impairment.
Fixed assets are systematically depreciated throughout their useful life on a straight-line basis.
The useful life of tangible assets subject to depreciation is regularly tested; if the initial estimates need to be adjusted, the relevant share of depreciation is also modified accordingly.
The following are not subject to amortisation:

- land, whether purchased separately or included in the value of buildings, provided they are considered to have indefinite useful life. In the case where the value is incorporated in the value of the building, they are considered separately; the division of the value of the land and the value of the building is based on the expertise of independent experts for the free-standing property held only;

- works of art, whose useful life cannot be estimated and since its value is generally expected to increase over time;
- investment properties that are measured at fair value in accordance with IAS 40.

Derecognition criteria

A tangible asset is derecognised from the balance sheet upon disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Recognition of income statement items

Depreciation is recognised in the income statement under "Net adjustments to/write-ups of tangible assets".
In the first year, the amortisation is recognised in proportion to the period of actual use of the asset. For goods supplied and/or sold during the year, depreciation is calculated on a daily basis until the date of sale and/or disposal.
Gains and losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset; they are recognised in the income statement on the same day they are removed from the accounts.
The balance, positive or negative, between profit and losses on disposals of tangible investment is recognised in the Income Statement under "Profit (losses) on disposal of investments".
The item "Net result of valuation at fair value of tangible and intangible assets" includes the balance, positive or negative, between devaluations and revaluations other than impairment losses and write-ups due to impairment, of the tangible assets which are measured at fair value and which, in accordance with IAS 40, must be entered in the Income Statement.
At each annual or interim closing, impairment testing is carried out to check for any evidence suggesting that an asset may have suffered a loss in value.
In this case, a comparison is drawn between the carrying amount of the asset and its recoverable value, equal to the lower of fair value, net of any costs involved in sale, and the related value in use of the asset, intended as the present value of the future flows originated from the asset. Any adjustments are recognised in the Income Statement.
If the reasons resulting in the recording of the loss should cease to exist, the value is written-back by an amount that may not, in any case, exceed the value that would have been recorded for the asset, net of depreciation calculated, had the impairment not been applied.

INTANGIBLE ASSETS

Classification criteria

Intangible assets are non-monetary assets that can be identified and have no physical consistency; they are held for use in a period spanning several years or which is undefined and meet the following criteria:
- the company retains control over it;
- it is likely that the expected future economic benefits as being attributable to the asset will flow into the company;
- the cost of the asset can be reliably measured.

If even just one of these criteria is not met, the expense must be recognised in the Income Statement.
Intangible assets comprise software purchased from third parties, in addition to other similar expenses.

Recognition criteria

These are recorded at cost, adjusted for any accessory expenses, but only where it is likely that the future economic benefits attributable to the asset will effectively be realised and if the cost of the asset can be reliably determined. If not, the cost of the intangible asset is recognised in the Income Statement during the financial year in which it is incurred.

Valuation criteria

After initial measurement, intangible fixed assets are recorded at cost, net of total amortisation and impairments of value.
Amortisation is carried out on a straight-line basis throughout the useful life. If the useful life is undefined, amortisation is not applied, but a test is conducted periodically to check the adequacy of the entry value of the fixed assets.
At each closing date of the Financial Statements, where there is evidence of loss of value, the potential recoverable value of the asset is estimated. The amount of the loss, recognised in the Income Statement, is equal to the difference between the asset book value and the value that can be recovered.

Derecognition criteria

An intangible fixed assets is derecognised from the Balance Sheet upon disposal or when no future economic benefits are expected.

Recognition of income statement items

Both depreciation and any adjustments to/write-ups for impairment of intangible assets are recognised in the income statement under "Net adjustments to/write-ups on intangible assets".
Gains and losses arising from the retirement or disposal of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement.

TAX ASSETS AND LIABILITIES

Classification criteria

These items respectively include current and deferred tax assets and current and deferred tax liabilities.

Recognition criteria

The effects relating to current and deferred taxes calculated in compliance with national tax legislation and on an accruals basis are recognised, consistently with the procedures for the recognition of costs and income that generated them in the Financial Statements, applying current tax rates.
Income taxes are recognised in the Income Statement, with the exception of those relating to items charged or credited directly to shareholders' equity.
The provision for income tax is determined on the basis of a prudential forecast of the current, prepaid and deferred tax charges. More specifically, current taxes include the net balance of current liabilities for the period and current tax assets represented by down-payments and other tax assets for withholdings applied.

Deferred tax assets and liabilities are determined by applying the rates expected to be applied in the future financial year of the tax asset or on the extinction of tax liability based on tax rates that are in force on the date of the financial statements.
"Temporary taxable differences" mean those which in future periods will give rise to taxable amounts; "temporary deductible differences" mean those which in future periods will determine deductible amounts.
Deferred tax assets are booked to the extent to which their recovery is deemed probable, measured on the basis of the Company's capacity to constantly generate positive taxable income.
Deferred tax assets and deferred tax liabilities are booked to shareholders' equity as open balances without any offsetting, including the first as "Tax assets" and the second as "Tax liabilities". Assets and liabilities recorded for deferred tax assets and deferred tax liabilities are systematically measured to consider any changes made to regulations or tax rates.

Recognition of income statement items

If the assets and deferred tax liabilities refer to items that have affected the income statement, they are offset by income tax. In cases in which the deferred tax assets and liabilities relate to transactions that have been recognised directly in shareholders' equity without affecting the income statement, they are recorded as an offset under shareholders' equity, affecting the specific reserves.

OTHER ASSETS

Classification criteria

This item includes assets that cannot be otherwise classified on the Balance Sheet. Amongst others, it includes receivables deriving from the supplies of non-financial Services and goods and tax items other than those recognised under "Tax assets". These are current assets.

Recognition criteria

Receivables deriving from the supply of non-financial Services are booked at the time the Service is provided.
They are recognised at book value as a reasonable estimate of the fair value.

PAYABLES

Classification criteria

This item includes payables, of any technical form, other than those classed as financial liabilities held for trading and financial liabilities measured at fair value, as well as debt securities specified under "securities in issue". They consist of all relations for which there is an obligation to pay third parties certain amounts on certain due dates.
Payables relating to the provision of financial Services are included.

Recognition criteria

The first measurement of these financial liabilities takes place upon receiving the amounts.
The value at which they are recorded coincides with the related fair value, which is generally equal to the amount collected, increased by an additional costs/income directly related to the individual operation and not reimbursed by the creditor counterparty. Internal administrative costs are excluded.
The fair value of the financial liabilities, potentially issued at conditions other than market conditions, is subject to a specific estimate and any difference with respect to the amount effectively collected is allocated directly on the Income Statement. In the

case of interest-free loans from the Provincia Autonoma di Trento shareholder, the difference is recognised as reserves in the balance sheet under OPI 9. The only operation existing with Regione Trentino Alto Adige has been accounted for by applying the OPI 9 since it is closely connected to a similar operation carried out with Provincia and basically originated from the Region itself in connection with the Province.

Valuation criteria

Subsequently, payables are measured at amortised cost using the effective interest rate method.
Sight or short-term liabilities are the exception to this, where the timing factor is negligible, and remain recorded for the amount collected; the related costs and income directly attributable to the operation are entered on the Income Statement under the relevant items.

Derecognition criteria

Financial liabilities are derecognised from the financial liabilities when expired or extinguished.

SECURITIES IN ISSUE

Classification criteria

This item includes bond securities issued and in issue, net of any amount that may have been bought back. Securities are included that have matured as at the financial statements reference date, but have not yet been redeemed.

Recognition criteria

The first recognition is at the time of issue of the debt securities. The value at which they are recorded coincides with the related fair value, which is equal to the amount collected or to the issue price, increased by an additional costs/income directly related to the individual funding or issue operation and not repaid by the creditor counterparty. Internal administrative costs are excluded.

Valuation criteria

After initial recognition, securities in issue are measured at amortised cost using the effective interest rate method.

Derecognition criteria

Securities are derecognised from the Financial Statements when redeemed or when the Company buys back the securities it has issued, thereby consequently redefining the amount payable registered for securities in issue.

Recognition of income statement items

The negative items of income represented by interest expense adjusted by amortised cost interest, are recorded on an accruals basis in the Income Statement under interest.
Any difference between the value for repurchasing own issue securities and the corresponding book value of the liability is recorded on the Income Statement under "Profits/losses from disposal or repurchase".

FINANCIAL LIABILITIES HELD FOR TRADING

Classification criteria

Financial liabilities of any technical form are recorded under this item (debt securities, loans, etc.), classified in the trading portfolio.
The item includes the negative value of derivative contracts, with the exception of derivative contracts designated as effective hedging instruments, the value of which is entered under item 50 of the liabilities. If the fair value of a derivative contract subsequently becomes positive, it is booked to financial assets held for trading.
The Company has no such financial liabilities.

OTHER LIABILITIES

Classification criteria

This item includes liabilities that cannot be otherwise classified on the Balance Sheet. Amongst others, it includes amounts to suppliers, directors and employees, other than those recognised under "Tax liabilities". These are current liabilities.

Recognition criteria

They are recognised at book value as a reasonable approximation of the fair value.

EMPLOYEE SEVERANCE INDEMNITY (TFR)

The severance indemnity is similar to a defined benefit plan type post-employment benefit. Under IAS 19, its value is determined on an actuarial basis.
They are therefore shown in the financial statements on the basis of their discounted value established by using the Projected Unit Credit Method.
This method involves the projection of future payments based on historical analysis, statistics and probability, as well as in the adoption of appropriate demographic techniques. This makes it possible to calculate the severance indemnities accruing at a specific date on an actuarial basis, distributing the cost over the entire remaining

service of the current workforce, and no longer presenting them as a cost payable as if the business were to cease trading on the balance sheet date.
Valuation of employee severance indemnities was carried out by an independent actuary in accordance with the method outlined above. IAS 19 requires that actuarial profit and losses accrued at the balance sheet date, as recorded among the reserves on the balance sheet, are recorded in the relevant item of "Comprehensive Income Statement".
The share of the severance indemnity accrued during the year is recognised in the income statement under personnel costs. Any amounts not yet paid to the supplementary pension funds on the closing date of the financial statements are to be recorded under "other liabilities".

OTHER INFORMATION

RECOGNITION OF INCOME AND COSTS

Income is recognised at the time it is achieved or, in any case, for the provision of Services, at the time they are provided. Other income is recorded on an accruals basis.
More specifically:

- interest is recognised pro rata temporis, on the basis of contractual interest rates or effective interest rates in the event of application of the amortised cost;
- late payment interest, as may be established by contract, is booked to the Income Statement only when effectively collected;
- commission on income from Services is recorded, on the basis of contractual agreements in place, during the period in which the Services were provided.
- dividends are recognised in the income statement as cash if they are not related to equity securities valued using the equity method;
- impairment losses are recorded in the period in which they occur.

The costs are recognised in the Income Statement during the periods in which the related income is booked. If the correlation between costs and income can only be done generically and indirectly, costs are recorded over several periods, with rational procedures on a systematic basis.

CRITERIA FOR DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

In December 2012, the European Commission approved, with Commission Regulation (EU) No. 1255/2012, the new IFRS 13 "Fair Value Measurement", in force since 1 January 2013.
IFRS 13 defines fair value as "the price that would be received for the sale of an asset or that would be paid to transfer a liability in a regular transaction between market participants at the measurement date". This definition of fair value for financial

instruments replaces the previous version of IAS 39 Financial Instruments: Recognition and Measurement.
In the case of financial liabilities, the new definition of fair value provided by IFRS 13 requires, therefore, the identification as such the value that would be paid for the transfer of a liability (exit price), rather than the amounts necessary to settle it (definition provided by IAS 39). It follows a strengthening of the issue of recognising adjustments at the fair value of financial liabilities, compared to what is already in the field governed by IAS 39.
Accordingly, with regard to the determination of the fair value of OTC derivatives in the Balance Sheet, the rule of applying the adjustment related to counterparty risk (Credit Valuation Adjustment - CVA) was confirmed by the IFRS 13. In relation to financial liabilities represented by OTC derivatives, the IFRS 13 introduces the Debit Valuation Adjustment (DVA), which is a fair value adjustment designed to reflect the risk of default on these instruments, an issue not explicitly addressed by IAS 39.
The fair value of investments listed in active markets is determined by reference to listed market prices (bid prices or, failing this, average prices) registered on the last day of the year.
For financial instruments listed on active markets, the fair value is determined on the basis of the list prices on the relevant active market (namely that on which there is the highest volume of contracts), which are also inferable from international providers and which are noted on the last relevant day of the financial year. A market is defined as active when list prices reflect normal market operations, are readily and regularly available and express the price of effective, regular market operations. If the same financial instrument is listed on more than one market, the listing to be considered is that on the most profitable market to which the company has access.
For unlisted financial instruments, the fair value is determined by applying measurement techniques aimed at determining the price that the instrument would have on the market on the measurement date, in a free trade with normal commercial motivations. The fair value can be obtained using the following techniques: use of recent market transactions; reference to the price of financial instruments with the same characteristics as that being measured; quantitative methods (option pricing models; current value calculation techniques - discounted cash flow analysis; pricing models generally accepted by the market). More specifically, for unlisted bonds, expected future cash flow discounting models are applied, using interest rate structures that take into consideration the business segment of the issuer and the ratings class, where available.
In the case of mutual funds, which are not traded in active markets, fair value is determined on the basis of the Net Asset Value published, adjusted to take account of possible changes in the value existing between the date of application for redemption and the effective redemption date.
Equity securities not traded in an active market, for which the fair value cannot be reliably determined - according to the most widely used methods - are valued at cost, adjusted to take account of any significant losses in value.

Sight or short-term receivables and payables have been assumed to have an immediate expiry of contractual obligations and to fall due on the reporting date, hence their fair value is approximately the same as their book value. Similarly for receivables and payables, book value is assumed.
For loans and advances to customers in the medium to long term, the fair value is obtained using valuation techniques by discounting the remaining contractual cash flows, appropriately adjusted to take into account the creditworthiness of individual borrowers.
For derivatives traded on regulated markets, fair value is taken as the market price of the last trading day of the year.
For medium/long-term receivables (fixed-rate mortgages), measured at amortised cost and hedged for interest rate risk, the book value is adjusted with the change in the fair value of these receivables.
For derivatives traded on regulated markets, fair value is taken as the market price of the last trading day of the year.
For over the counter derivatives on interest rates, the market fair value assumed is that represented by the so-called "replacement cost", determined by discounting the differences, the expected settlement dates, including flows calculated at the contract rates and expected flows calculated at market rates, objectively determined, current at the end of the year for the same residual maturity.
The fair value used for the valuation of financial instruments, based on the criteria described above, stems from three different levels in accordance with the principle of IFRS 13 and depending on the nature and significance of the inputs used in the valuation process.
The fair value hierarchy, based on IFRS 13 must be applied to all financial instruments for which the fair value is recognised in the balance sheet. In this regard, top priority is attributed to official prices quoted on active markets for such instruments and the lowest priority is given to the use of unobservable inputs, as they are more discretionary. The fair value, therefore, is determined through the use of prices obtained from financial markets, in the case of instruments listed on active markets, or through the use, for the other financial instruments, of valuation techniques with the aim of estimating the fair value (exit price). The levels used for the classifications are as follows:

- "Level 1": The fair value of financial instruments is determined based on listed observable prices in active markets (without adjustment) to which the measurement date can be accessed, i.e. to its listing;
- "Level 2": the fair value of financial instruments is determined based on directly or indirectly listed inputs that can be observed from the market for the asset or liability, also using valuation techniques;
- "Level 3": the fair value of financial instruments is determined based on inputs that cannot be observed from the market for the asset or liability, also using valuation techniques.

A quoted price in an active market provides the most reliable evidence of fair value and, when available, should be used with no adjustments for fair value.

In the absence of listed prices in active markets, financial instruments must be classified in Levels 2 or 3.
The classification in Level 2 rather than Level 3 is determined on the basis of market observability of significant inputs used in determining fair value.
Level 2 inputs include:

- listed prices for similar assets or liabilities in active markets;
- listed prices for identical or similar assets or liabilities in inactive markets;
- data other than observable listed prices for the asset or liability (such as interest rates and yield curves observable at commonly listed intervals, volatilities and credit spreads);
- input corroborated by the market.

Any other variable used in valuation techniques that cannot be substantiated on the basis of observable market data is not considered observable.
If the fair value of a financial instrument is not determined by the price recorded in an active market ("Level 1"), the total fair value may present, on the inside, different levels depending on the impact generated by observable or non observable inputs used in the valuation (impact means the contribution, in terms of significance, that each input used in the valuation has with respect to the overall fair value of the instrument). However, the level attributed must be unique and thus referred to the total fair value of the instrument as a whole; the unique level attributed therefore reflects the lowest level of input with a significant effect in determining the fair value of the instrument.
In order for non-observable market data to have a significant effect in the overall determination of the fair value of the instrument, their overall impact is assessed in such a way as to render the overall assessment uncertain (that is, not able to be found through market data); in cases where the weight of unobservable data is prevalent compared with the overall valuation, the level assigned is "3".
Amongst the main rules applied for the determination of levels of fair value, it should be noted that government debt securities, corporate debt securities, equity securities, open-end funds, derivative financial instruments and issued financial liabilities for which the fair value corresponds to the valuation date are all considered "Level 1", at the listed price in an active market.
The following are considered "Level 2":

- government debt securities, corporate debt securities, equity securities and financial liabilities issued by issuers of national and international significance, not listed on an active market and evaluated predominantly using observable market data;
- Over the counter financial derivatives concluded with institutional counterparties and evaluated predominantly using observable market data;
- funds for which the fair value corresponds to the relative NAV published on a weekly and/or monthly basis, as the exit value is considered the most reliable estimate of fair value of the instrument in the event of disposal of the investment.

Finally, the following are considered "Level 3":

- equity and liabilities issued for which there are no listed prices, at the valuation date, in active markets and which are valued predominantly in accordance with a technique based on non-observable market data;
- Over the counter financial derivatives concluded with institutional counterparties, for which the valuation is based on pricing models quite similar to those used for the valuation of Level 2 and from which they differ in the degree of observability of the input data used in pricing techniques (in reference mainly to correlations and volatilities);
- derivative financial instruments entered into with the customer for which the share of the fair value adjustment that takes into account the risk of default is significant compared to the total value of the financial instrument;
- closed-end funds for which the fair value corresponds to the relative NAV published more frequently than monthly;
- equity securities classified in the AFS portfolio at cost.

For financial assets classified at level 3, the IFRS 13 also requires information to be provided on the sensitivity of the economic results due to a change of one or more unobservable inputs used in the valuation techniques used in determining the fair value.

METHOD FOR DETERMINING THE AMORTISED COST

The amortised cost of a financial asset or liability is the value at which it was measured at initial recognition, net of principal repayments, plus or minus the overall amortisation determined by applying the effective interest rate method, of the difference between the initial value and the maturity amount, and net of any impairment loss.
The effective interest rate is the rate that equates the present value of a financial asset or liability at the contractual flow of future or received payments up to maturity or the next date of recalculation of the rate.
For instruments with fixed rate or fixed rate for time periods, the future cash flows are determined based on the known interest rate during the life of the instrument.
For financial assets or liabilities at variable rates, the determination of future cash flows is based on the last known rate. For every revision of the price, the repayment schedule and the effective rate of return is recalculated over the entire useful life of the financial instrument, until the date of maturity.
The amortised cost is applied for subsequent measurement of receivables, financial assets held to maturity, those available for sale, debts and securities issued.
The assets and liabilities traded at market conditions are initially recognised at their fair value, which normally corresponds to the amount paid or issued including directly attributable transaction costs and commissions.
Transaction costs are the costs and interior marginal revenues attributable at the time of initial recognition of the instrument and not recoverable on the customer.

These accessory components, which must be traceable to the individual asset or liability, affect the actual performance and make the effective interest rate different than the contractual interest rate.
The costs and the income attributable to more than one transaction and related components that may be subject to recognition during the life of the financial instrument are therefore excluded.
Furthermore, costs that the Company might incur regardless of the operation are not considered in the calculation of amortised cost, such as administrative costs, stationery, communication.

A.3 – DISCLOSURE ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

There are no transfers of financial instruments between portfolios in 2013.

A.4 – FAIR VALUE DISCLOSURE

QUALITATIVE DISCLOSURE

As required by law, financial statements, hedging derivatives, financial assets available for sale and the assets and liabilities accounted for under OPI 9 are assessed at fair value.
In the case of hedging derivatives of fair value hedges, the carrying amount of the hedged instruments represented by fixed-rate mortgages granted to municipalities is integrated with the change in fair value between the start date of the hedging relationship and the balance sheet date.

To determine the fair value of hedging derivatives of loans mentioned above, for each payment date, the interest rate of the instrument is calculated from the notional and interest flows of the hedging instrument, net of the spread defined on the hedging instrument floating leg and equal to 1.503%.

As part of the test of hedge effectiveness, Cassa del Trentino has assessed the clean price of an interest rate swap and the related hedged item.
In reference to the derivative, in compliance with IFRS 13, in the single assessment at 31.12.2013, flows were corrected taking into account the counterparty risk. In particular:
- The net cash outflows of Cassa del Trentino were discounted taking into account the risk for Cassa del Trentino itself (using the curve of Italian government bonds);
- The net inflows of Cassa del Trentino were discounted taking into account pro rata risk of counterparties RBS and Barclays (using the relative yield curves available on Bloomberg).

To determine the fair value of the loans covered, the values were discounted using the yield curve for Italian government bonds.

In determining the fair value of the hedging derivative cash flow hedges and with regard to the test of hedge effectiveness, Cassa del Trentino has assessed the clean price of an interest rate swap and its hypothetical derivative described below.
In reference to the hypothetical derivative, in compliance with IFRS 13, in the single assessment at 31.12.2013, flows were corrected taking into account the counterparty risk. In particular:

- Negative flows for Cassa del Trentino were discounted taking into account the risk of Cassa del Trentino (using the curve of the Italian government bonds);
- Positive flows for Cassa del Trentino were discounted, taking into account the counterparty risk of Natixis (since there is no yield curve available for that counterparty, it was reconstructed using CDS).

With regard to the assets available for sale, the fair value of the shares of the Housing Sociale Trentino Fund at the end of the year is from the NAV (Net Asset Value) released every six months; the determination of the fair value of the investments referring to Banca di Trento e Bolzano SpA, Autostrada del Brenner and Infracis Srl however took place in accordance with appropriate appraisals.
Proceeding in an autonomous way for each company, identifying the key figures of the investment, the value items and the aspects required by IFRS 13, leading finally to the definition of fair value.
The table below shows a summary of the valuation methods considered for individual companies. The evaluations carried out with the various methodologies for each individual investment were then summarized in an "average result" which is deemed suitable as a fair value for a correct representation of all investments in the financial statements of Cassa del Trentino.

BANCA DI TRENTO E BOLZANO S.p.A.

Disposals method
Examination of data relating to previous disposals, their purchase price and the elements to be taken as a basis of value.
Accounting valuation
Banca Intesa SpA in its separate financial statements, prepared in accordance with IAS/IFRS, has shown the value of Banca di Trento e Bolzano SpA. This value was considered as a possible fair value.
Discounting future cash flows method (DCF)
This is commonly considered to be the most effective in correlating the value of the company to the ability to produce an adequate financial return for the investor.
Multiples method
The multiples method consists in determining the capital value of the company on the basis of negotiated prices for securities representing shares in the capital of comparable companies.

AUTOSTRADA DEL BRENNERO S.p.A.

Simple income method
The method is based on the determination of an annuity computed as the average of the revenues obtained by the projection of operating results for the period 2014-2020 adjusted for extraordinary items or distorting.
This method is very representative and in some ways looks like the best method for the evaluation of companies well established in the business model. In fact, the method has the advantage of comparing the profitability of a business with the viability of other financial investments, assuming a risk-weighted discount rate, and thus, to evaluate on equal terms what could be the price at which a financial investor may be available to purchase the representative security.
Discounting future cash flows method (DCF)
This is the method used by the finance company to assign value to a company.
Multiples method
The evaluation process of the company using the multiples of companies listed in the market is certainly a reliable system to determine fair value. The analysis of comparable companies listed in the market was performed and it was decided to opt, in particular, for two companies that have very similar characteristics.
Other sales method
The recent sales of securities of the company, including proposals that did not go to fruition, were considered.

Specifically for Autostrada del Brennero S.p.A., comparing the various valuation methodologies provided a number of possible final values of the company, also for the fact that the prospect of a continuation or not of business (continuation or loss of the concession) was taken into consideration.

INFRACIS S.R.L.

Simple income method
This method has the advantage of comparing the profitability of a business with the viability of other financial investments, assuming a risk-weighted discount rate, and thus, to evaluate on equal terms what could be the price at which a financial investor may be available to purchase the representative security.
Discounting future cash flows method (DCF)
This is the method used by the finance company to assign value to a company.
In this specific case, a projected plan was designed on the basis of historical data and assuming a linear projection of the main trends in costs and capital factors encountered in recent years.
Multiples method
The evaluation process of the company using the multiples of companies listed in the market is certainly a reliable system to determine fair value.
The analysis of companies listed in the market comparable with those subsidiaries of Infracis Srl.

Since it has not been possible to determine the fair value reliably for other investments classified as financial assets available for sale, of a more contained value, represented by Terfin S.r.l., Istituto Atesino di Sviluppo S.p.A and Banca Popolare Etica ScpA, these are carried at cost.

The fair value of assets and liabilities accounted for under OPI 9 was calculated using the yield curve for Italian bonds.

For the determination of the fair value provided in the notes on instruments not measured at fair value in the financial statements, the following criteria were followed:

1. For securities registered in the active portfolio:
    a. for BTP - an active market existing - the market price has been given;
    b. for fixed-rate securities issued by UniCredit and Intesa Sanpaolo, the contractual cash flows were discounted using the yield curves of the respective issuers;
    c. for floating rate securities issued by the Patrimonio del Trentino S.p.A and Mediocredito Trentino Alto Adige S.p.A., future cash flows were estimated, respectively, using the 3-month Euribor and 6-month Euribor forward curves, discounting the respective flows with the yield curve of Italian government bonds;
2. Bonds issued by Cassa del Trentino:
    a. for issues at a fixed rate, contract flows were discounted using the yield curve of Italian government bonds;
    b. for floating-rate issues, future flows were estimated using the 3-month Euribor forward curve while the related cash flows were discounted using the yield curve of Italian government bonds;

3. Due to banks:
    a. the contractual cash flows were discounted using the yield curve of Italian government bonds;
4. Zero-rate loans:
    a. the values were discounted using the yield curve of Italian government bonds;
5. Bank deposits:
    a. exit values were discounted using the yield curve of Italian government bonds while the input values were discounted using the Italian Banking BBB curve;
6. Debts owed by Provincia Autonoma di Trento for contributions in annuity:
    a. The values were discounted using the yield curve of Italian government bonds;
7. Fixed-rate and floating rate loans granted to the municipalities of Trentino:
    a. the values were discounted using the yield curve of Italian government bonds. For floating rate loans, the future cash flows were determined using the 6-month Euribor forward curve and then discounted using the yield curve of Italian government bonds.

QUANTITATIVE DISCLOSURE

A.4.5 Fair value hierarchy

A.4.5.1 Accounting portfolios: breakdown according to fair value levels

Financial assets / liabilities measured at *fair value*	Level 1	Level 2	Level 3	Total
1. Financial assets held for trading				
2. Financial assets measured at *fair value*				
3. Financial assets available for sale			43,621,021	43,621,021
4. Hedging derivatives		156,324		156,324
5. Tangible assets				
6. Intangible assets				
Total		**156,324**	**43,621,021**	**43,777,345**
1. Financial liabilities held for trading				
2. Financial liabilities measured at *fair value*				
3. Hedging derivatives		3,010,207		3,010,207
Total		**3,010,207**		**3,010,207**

A.4.5.2 Annual changes in financial assets measured at level 3 fair value

	Financial assets held for trading	Financial assets valued at *fair value*	Financial assets available for sale	Hedging derivatives	Tangible assets	Intangible assets
1. Initial balance						
2. Increases						
2.1 Purchases			1,600,000			
- business combination transactions			39,633,606			
2.2 Gains recognised in:						
2.2.1 Income Statement						
of which capital gains						
2.2.2 Shareholders' equity			7,000,516			
2.3 Transfers from other levels						
2.4 Other increases						
3. Decreases						
3.1 Sales						
3.2 Refunds						
3.3 Losses recognised in:						
3.3.1 Income statement						
of which capital losses						
3.3.2 Shareholders' equity			4,613,102			
3.4 Transfers from other levels						
3.5 Other decreases						
4 Closing inventories			**43,621,021**			

A.4.5.3 Annual changes in financial liabilities measured at level 3 fair value

There are no financial liabilities measured as level 3.

A.4.5.4 Assets and liabilities not measured at fair value or at fair value on a nonrecurring basis: breakdown according to fair value levels

Financial assets / liabilities not measured at fair value or measured at fair value on a nonrecurring basis: breakdown by level of fair value	2013				2012			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets held to maturity	20,631,231	21,691,033			20,314,396	21,449,832		
2. Loans	1,900,084,555		1,438,437,048	518,108,206	1,622,163,324		1,289,078,554	348,562,234
3. Tangible assets held for investment purposes								
4. Non-competing assets and groups of assets held for sale								
Total	**1,920,715,786**	**21,691,033**	**1,438,437,048**	**518,108,206**	**1,642,477,720**	**21,449,832**	**1,289,078,554**	**348,562,234**
1. Payables	790,981,296		288,011,559	500,614,402	625,828,615		200,218,245	421,081,913
2. Securities in issue	1,039,413,142		1,097,985,949		962,065,277		1,003,685,189	
3. Liabilities associated with assets held for sale								
Total	**1,830,394,438**	**-**	**1,385,997,508**	**500,614,402**	**1,587,893,892**	**-**	**1,203,903,434**	**421,081,913**

A.5 – DISCLOSURE ON DAY ONE PROFIT/LOSS

The financial assets/liabilities do not include any significant examples relating to those described under paragraph 28 of IFRS 7: assets/liabilities showing differences between the fair value at the time of the initial recognition (transaction price) and the amount determined on that date, using level 2 fair value measurement techniques.

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 - Cash and cash equivalents

Section 4 - Financial assets available for sale

Section 5 - Financial assets held to maturity

Section 6 - Receivables

Section 7 - Hedging instruments

Section 9 – Equity investments

Section 10 - Tangible assets

Section 11 - Intangible assets

Section 12 - Tax assets and liabilities

Section 14 - Other assets

Section 1 - Cash and cash equivalents - Item 10

1.1 Cash and cash equivalents: breakdown

Breakdown	Total 2013	Total 2012
Cash and cash equivalents	1,012	732
Total	**1,012**	**732**

Section 4 - Financial assets available for sale - Item 40

4.1 Breakdown of item 40 "Financial assets available for sale"

Item/Value	*Total 2013*			*Total 2012*		
	L1	*L2*	L3	L1	L2	L3
1. Debt securities						
- structured securities						
- other debt securities						
2. Equity securities and mutual funds (OICR)			43,621,021			
3. Loans						
Total			**43,621,021**			

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

As a result of the merger with Tecnofin Trentina S.p.A., investments whose equity interests held are not attributable to investments in subsidiaries, associates or joint ventures summarised in item 90 have become part of the "financial assets available for sale".

In December 2013, the Company also subscribed for 16 shares in the common stock of a closed-end real estate investment fund, reserved for institutional investors, Fondo Housing Sociale Trentino for Euro 1,600,000, the value of which at 31.12.2013 is represented by the NAV (Net Asset value) at the same date of Euro 1,623,218. It should be noted that the Company has a share of the Fund equal to 20%, but it does not have its own representatives in the management company of the Fund and therefore does not hold rights to control or significant veto able to influence management.

The fair value of the investments referred to Autostrade del Brennero S.p.A., Banca di Trento e Bolzano S.p.A. and Infracis S.r.l. has been determined on the basis of appropriate appraisals by an external professional. Since it has not been possible to reliably determine the fair value of other investments, characterized by lower book values, including Terfin S.r.l, Istituto Atesino di Sviluppo S.p.A. and Banca Popolare Etica S.c.p.a., they are carried at cost. Equity investments are listed below, and further information is given.

Company name	Book value	Shareholding %	Availability of votes %	Registered offices	Total Assets	Total income	Amount of shareholders' equity	Result for previous year	Listed (Yes/No)
Infracis S.r.l.	16,239,283	19.89	19.89	Villafranca (VR)	129,787,309	4,095	97,561,463	1,070,802	No
Terfin S.r.l.	237,570	18.52	18.52	Trento	4,410,993	470,679	3,407,599	127,333	No
Autostrada del Brennero S.p.A.	24,186,522	2.60	2.60	Trento	1,345,025,984	346,164,767	616,505,983	68,028,175	No
Banca Popolare Etica S.c.p.a.	49,884	0.11	0.11	Padova	1,096,234,801	29,636,727	61,320,703	1,327,789	No
Banca di Trento e Bolzano S.p.A.	1,282,218	0.84	0.84	Trento	2,412,966,115	70,459,925	147,914,772	(18,266,159)	No
Istituto Atesino di Sviluppo S.p.A.*	2,325	0.003	0.003	Trento	237,322,028	2,349,674	134,847,879	4,339,723	No

It should be noted that with regard to investments in Istituto Atesino di Sviluppo S.p.A., the data refers to the 2012 financial statements because the 2013 financial statements have not yet been approved since the Company has availed of the extended term of 180 days for approval.

The following is a brief description of the investments held:

Infracis S.r.l.: the company formed from the merger, which occurred in 2007, of Garda Partecipazioni S.r.l. with Obiettivo 2 S.r.l.. Shareholders are CIS S.p.A. with 38.72%, the Fondo infrastrutturale F2I SGR S.p.A. with 26.31%, Cassa del Trentino S.p.A. with 19.89%, Pizzarotti SpA with 13.76% and other minor shareholders.
The company's purpose is the acquisition of Italian and foreign equity investments to be carried out directly or indirectly, in particular with regard to targeted investments in the areas of highway infrastructure.
Infracis holds stakes in major motorway infrastructure companies: Autostrada del Brennero S.p.A. (7,82%), Autostrada Serenissima (GIRPA S.p.A. 10%), Autovie Venete S.p.A. (4,28%) and Autocamionale della CISA S.p.A. (0,4%). The Company also holds investments in Iniziative Logistiche S.r.l. (8,97%) and in Compagnia Italiana Finanziaria S.r.l. (8,33%), which have a stake respectively of 19.26% and 38.52% in ReConsult Infrastrutture S.p.A., which holds in turn 44.87% of A4Holding SpA, the management company of Autostrada Brescia Verona Vicenza Padova.
The year ended at 31 December 2013 with a profit of Euro 1,070,802 (in 2012, the profit was Euro 319,446). The increase is attributable to the dividends paid by subsidiaries and lower costs for impairment of investments. In the year 2013, in fact, the investments were not subject to changes and the short term financial position also improved as a result of dividends during the year, net of the payment of overheads and borrowing costs.

Terfin S.r.l.: Terfin operates as a property manager for the property located in Via Petrarca, used for parking and commercial activities. This asset is in multi-year concession for the total duration of 58 years (expiring on 31 December 2046). The majority shareholder is Unione Commercio Turismo e Attività di Servizio della Provincia di Trento; Cassa del Trentino owns 18.52% of the share capital.
Since 1 August 2011, Terfin has leased its business branch to Trentino Mobilità S.p.A. with the business branch lease agreement, entered into on 21 July 2011. The contract provides for the lease of four floors of the building while the floor reserved for posts

granted in sub-concession remains under direct management. The agreement expires on 31 December 2017 and may be renewed for another 8 years.
The financial statements at 31 December 2013 show a profit for the year of Euro 127,333. The comparison of the data with the previous year shows an increase in revenues, a decrease in costs and an increase in financial income. The operating profit has increased by 17.24% compared to 2012 (from Euro 108,606 to Euro 127,333).
Revenues amounted to Euro 470,079 and include both the lease and the business branch lease agreement. The company presents a balanced economic and financial situation, as well as a balanced capital position.

Autostrada del Brennero S.p.A.: Despite the unfavourable context, the results of operations of the investee in 2013 showed an operating profit of 68 million Euro which, compared with the result achieved in 2012 (71.8 million Euro), shows a decrease of 3.8 million Euro. The value of production, which during the year reached 346.2 million Euro (340.9 million Euro in 2012), registered an increase of 5.3 million Euro. This result is mainly due to the increase in toll revenues.
The cost of production incurred during 2013 reached a total value of 275 million Euro, compared to 265.9 million in 2012, and therefore has suffered an increase of about 9.1 million (+3.4%). The main items contributing to this increase were mainly the costs for purchases, services and personnel.
Among the different existing commitments under the Convention and the related Financial Plan 2003 - 2045, special mention should be made to the provisions laid down by Law no. 449 of 27 December 1997 - with the specific binding of the target to the renewal of rail infrastructure across the Brenner and the realization of the related galleries. The securities provisions in this fund - carried out free of tax - from 1998 to 2013 amounted to 522.5 million Euro; the total provision at the end of the concession (30 April 2014) was 550 million Euro.
The process of renewal of the concession is currently under way.

Banca Popolare Etica S.c.p.a.: The Bank manages the savings, directing them towards the socio-economic initiatives that pursue social goals and which operate in full respect of human dignity and nature.
The Bank was founded in 1999, and is a meeting point for investors who share the need for a more conscious and responsible management of their money. Banca Etica pays particular attention to the social and environmental responsibilities of companies, developing intervention models and new organizational arrangements at national and international level.
Today it has 16 branch offices and a network of financial advisors, called "mobile bankers" throughout Italy. Fourteen years after its creation, Banca Etica has reached a share capital of over 46 million, subscribed by more than 36,000 members, of which about 5,500 are juridical persons. The Istituto funds more than 888 million Euro of deposits (+12% compared to 2012) and is funding more than 4,700 economy solidarity projects with a value of over 615 million Euro.

Global indirect funding has exceeded 264 million Euro (+23% compared to the previous year). The year 2013 closed with a net profit of 1.3 million Euro, after recognising taxes for 1.6 million Euro, amortisation for 986,000 Euro and write-downs of receivables for 3.7 million Euro.
The result of 2013 was a slight decrease compared to 2012 (-318 thousand Euro), however, it confirms the positive trend that started in 2010.

Banca di Trento e Bolzano S.p.A. (BTB): The Bank is subject to the direction and coordination of Intesa Sanpaolo SpA and part of the Intesa Sanpaolo banking group. The business model of BTB is typical of a "regional commercial bank", characterised by the provision of products / services, savings and loans. All these activities are carried out almost entirely in the region of Trentino-Alto Adige, with a small portion also in the two neighbouring regions, Veneto and Lombardy.
Even in 2013, just as in the previous two years, the Banca di Trento e Bolzano is characterized primarily by the positive trend of the ordinary management, which shows an improvement compared to 2012, despite a general economic framework that remains highly critical. The 2013 results, however, show a high level of impairment losses on loans due to an even more negative trend of impaired loans to customers compared to 2012. These effects are due to the fact that the Banca has thus far paid out a preponderant part of its loans to productive enterprises which are suffering the current recession with particular intensity.

Istituto Atesino di Sviluppo S.p.A.: This is a private company in Trentino that manages financial assets, though not in relation to the public, such as acquiring equity investments both with the aim of establishing lasting economic links with the affiliates and for portfolio investment. The main data of the last approved financial statements is reported as follows:
The 2012 financial year closed with a profit of Euro 4,339,723, in line with the results of the previous year amounting to Euro 4,278,601.
The share capital amounts to Euro 79,450,676, while the investment in shareholders' equity amounted to Euro 91,323,731, a decrease of Euro 24,066,650 from the previous year.

4.2 Financial assets available for sale: breakdown by debtors / issuers

Item/Value	*Total 2013*	*Total 2012*
Financial assets		
a) Governments and Central Banks		
b) Other public bodies		
c) Banks	1,332,102	
d) Financial institutions	1,625,544	
e) Other issuers	40,663,375	
Total	**43,621,021**	

Distribution of financial assets by economic sector of the debtors and issuers was carried out according to the classification criteria laid down by the Bank of Italy.
Item "c) Banks" includes shares held by the Company in Banca di Trento e Bolzano SpA and Banca Popolare Etica ScpA while item "d) Financial institutions" includes those held in the Istituto Atesino di Sviluppo S.p.A. and the shares of the Fondo Housing Sociale Trentino. Item "e) Other issuers" includes stakes in Infracis Srl, Terfin Srl and Autostrada del Brennero S.p.A..

4.3 Financial assets available for sale: annual changes

	Debt securities	Equity securities and mutual funds	Loans	Total
A. Initial balance				
B. Increases				
B.1 Purchases		1,600,000		1,600,000
- business combination transactions		39,633,606		39,633,606
B.2 Increases in *fair value*		7,000,516		7,000,516
B.3 Write-ups				
- charged to the income statement				
- charged to shareholders' equity				
B.4 Transfers from other portfolios				
B.5 Other changes				
C. Decreases				
C.1 Sales				
C.2 Refunds				
C.3 Increases in *fair value*		4,613,102		4,613,102
C.4 Value adjustments				
C.5 Transfers to other portfolios				
C.6 Other changes				
D. Closing balance		**43,621,020**		**43,621,021**

The item "purchases" shows the value of the subscribed shares of the Fondo Housing Sociale Trentino. In sub-item "business combinations transactions", there are investments acquired as a result of the merger process considering the carrying values of the financial statements at 30/10/2013 of the Tecnofin Trentina S.p.A..

Items B.2 and C.3 include the capital gains and losses recognised in relation to the equity investments and shares of Fondo Housing Sociale Trentino recorded in shareholders' equity under the item 170 "Revaluation reserves".
During the year, the Company did not recognize accounting losses of a permanent nature (impairment).

Section 5 - Financial assets held to maturity - Item 50

5.1 Financial assets held to maturity: breakdown according to debtor/issuer

Item/Value	Book value 2013	*Fair value 2013*			Book value 2012	*Fair value 2012*		
		L1	L2	L3		L1	L2	L3
1. Debt securities								
1.1 Structured securities								
a) Governments and Central Banks								
b) Other public bodies								
c) Banks								
d) Financial institutions								
e) Other issuers								
1.2 Other securities								
a) Governments and Central Banks	20,631,231	21,691,033			20,314,396	21,449,832		
b) Other public bodies								
c) Banks								
d) Financial institutions								
e) Other issuers								
2. Loans								
a) Banks								
b) Financial institutions								
c) Customers								
Total	**20,631,231**	**21,691,033**			**20,314,396**	**21,449,832**		

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

In January 2012, in order to optimise the return on the amounts allocated to make payment of the debenture loan issued in 2011, the Company acquired Euro 12,000,000 in fixed rate government securities (BTPs) maturing on 01 November 2015, with 3% coupon (ISIN IT0004656275) at a price of 94.9 plus expenses quantified in approximately 0.1% of the purchase price.
The BTP, together with the three debenture loans subscribed by the Company at the start of the financial year and issued by credit institutes operating in the Province (see the comments on table 6.1 below "Due from banks", item 3. "Other debt securities"), was deposited with Cassa Centrale Banca as "suitable assets" to guarantee the Loan Contract stipulated with the same bank in order to obtain a simple credit facility with a three-year term for the amount of Euro 80 million.
Moreover, in June 2012, the Company acquired Euro 9 million BTPs maturing on 01 March 2015 with a 2.5% coupon (ISIN IT0004805070) for the price of 95.025, also with a view to supplementing the Financial Guarantee Contract securities.

The intent to hold these assets to maturity lies with the decision to deposit these securities as guarantee of the opening of the above credit facilities maturing on 26/02/2015.
"Financial assets held to maturity" (Euro 20,631,231) is therefore the nominal value of the above mentioned multi-year treasury bonds and the impact of their measurement at amortised cost.

5.2 Financial assets held to maturity: annual changes

Changes / Types	Debt securities	Loans	Total
A. Initial balance	**20,314,396**		**20,314,396**
B. Increases			
B.1 Purchases			
B.2 Write-ups			
B.3 Transfers from other portfolios			
B.4 Other changes	316,835		316,835
C. Decreases			
C.1 Sales			
C.2 Refunds			
C.3 Value adjustments			
C.4 Transfers from other portfolios			
C.5 Other changes			
D. Closing balance	**20,631,231**		**20,631,231**

No new operations were performed throughout the course of 2013. Among the "Other changes", positive changes resulting from subsequent measurements are recognized, carried at amortised cost using the effective interest rate method, as an offset to the measurements that flow to the income statement through the amortisation of the difference between the book value initial and the amount repayable at maturity.

Section 6 - Receivables - Item 60

"Receivables" consists of "Due from banks" for Euro 403,220,628 and "Due from customers" for Euro 1,510,460,657.

6.1 "Due from banks"

Breakdown	Total 2013				Total 2012			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Deposits and current accounts	325,985,500		55,876,883	271,182,716	224,206,694		43,970,783	176,669,507
2. Loans								
2.1 Repurchase agreements								
2.2 Financial leasing								
2.3 Factoring								
- recourse								
- without recourse								
2.4 Other loans								
3. Debt securities								
- structured securities								
- other debt securities	77,235,128		83,200,602		77,262,950		81,820,059	
4. Other assets								
Total	**403,220,628**		**139,077,486**	**271,182,716**	**301,469,644**		**125,790,841**	**176,669,507**

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

In 2013, loans to banks increased by EUR 101,750,983, going from Euro 301,469,645 recorded in 2012 to Euro 403,220,628 in the year 2013.
The increase is mainly attributable to the increase in current account balances both free and forming part of the plans to build the service of the repayment of debts to the lenders. During the year no more bonds issued by banks were bought.

Item 1 "Deposits and current accounts" includes:

- the balances of the twenty current accounts held by the Company as at 31.12.2013, of which five were subscribed in 2013 in order to optimise liquidity management. Of these:

  - six ordinary current accounts held with three banks, including two with the UniCredit S.p.A. treasury bank used for ordinary management operations, the balances of which total Euro 110,080,356;

  - fourteen current accounts held with seven banks, mainly used to manage accumulation plans for the reimbursement of debenture loans, the balances of which total Euro 149,829,057;

- two restricted current accounts held with Cassa Centrale Banca aimed at repayment of bonds issued by the Company (in the course of 2013, from July to October, a deposit with the Banca Popolare di Sondrio was open for three months in order to improve the profitability of the accumulation plan in relation to the bullet bond loan of 192 million Euro):

  - the restricted current account maturing in 2027, as at 31/12/2013 recorded a positive balance of Euro 20,070,006 after also considering interest at amortised cost;

- the restricted current account, maturing in 2016, has a financial year end balance of Euro 34,732,777, also considering interest at amortised cost.

- the current account with Banca di Trento e Bolzano until the end of the end of February 2014. At 31.12.2013 the report shows a balance of Euro 10,319,682. The treasury account at UniCredit which was under the name of the merged company Tecnofin Trentina SpA was closed on 30/12/2013.

Item 1 "Deposits and current accounts", moreover, includes receivables for a value of Euro 753,073 due to Cassa del Trentino S.p.A. as at 31/12/2013 for amounts accrued from banks but which, given the financial year end festivities, were collected early 2014 as well as the accrued income in reference to the interest accrued on the current account with Banca di Trento e Bolzano for Euro 200,548.

Item 3 "Debt securities" has a balance of Euro 77,235,128 and refers to the subscription of three debenture loans in 2012, issued by banks operating within the territory, together with the amounts temporarily deposited with Mediocredito Trentino Alto Adige and intended to pay for the loans with the bullet repayment profile issued in 2010 (30 million Euro). More specifically, the following bond securities were subscribed:

a) UniCredit S.p.A. Nominal value Euro 23,500,000.00 - Fixed rate 5.10% - maturity 16/12/2016;
b) Intesa Sanpaolo S.p.A. Nominal value Euro 23,500,000.00 - Fixed rate 5% - maturity 16/12/2016;
c) Mediocredito Trentino Alto Adige, Nominal value Euro 30,000,000.00 - Variable rate - maturity 10/05/2017.

All bond issues are classified under item "60 - Receivables" insofar as they are not listed on an active market.

All the above bond securities, together with the multi-year treasury bonds, have been deposited to act as financial guarantee, in accordance with and pursuant to Italian Legislative Decree no. 170/2004 with Cassa Centrale Banca, in order to guarantee the credit facilities granted to the Company in the amount of Euro 80,000,000.

With regard to the criteria for determining the fair value, see Part A - Accounting Policies. In view of the predominantly short-term loans to banks in the form of current accounts and sight deposits or short-term bond, the fair value of these positions is considered to be equal to the book value (Level 3). In the Level 2 column, values are shown at fair value of the two deposits with Cassa Centrale Banca due in 2016 and 2027. These values have been determined by discounting the expected cash outflows through the use of the Italian government bonds yield curve and inflows were established using the Italian Banking BBB yield curve.

There are no amounts due from banks that are subordinately restricted.

6.3 "Due from customers"

Breakdown	Total 2013						Total 2013					
	Book value			Fair value			Book value			Fair value		
	Bonis	Impaired		L1	L2	L3	Bonis	Impaired		L1	L2	L3
		Purchases	Other					Purchases	Other			
1. Loans												
1.1 Financial leasing												
of which: without options final buy-off												
1.2 Factoring												
- recourse												
- without recourse												
1.3. Consumer credit												
1.4 Credit card												
1.5 Loans granted in relation to services of payment provided												
1.6 Other loans												
of which: from enforcement of guarantees and pledges												
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities	15,000,005				14,789,222		15,000,000				13,622,330	
3. Other assets	1,481,863,922				1,284,570,340	246,925,490	1,305,693,680				1,149,665,383	171,892,727
Total	**1,496,863,927**				**1,299,359,562**	**246,925,490**	**1,320,693,680**				**1,163,287,713**	**171,892,727**

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

The value of amounts due from customers has increased by Euro 176,170,247 on last financial year, going from the Euro 1,320,693,680 recorded in 2012, to Euro 1,496,863,927 in financial year 2013.
This item includes unlisted financial assets such as loans and relations with Provincia Autonoma di Trento.
"Other assets" include the amounts due from Provincia Autonoma di Trento to Cassa del Trentino; more specifically:

- "Due from PAT for annual instalments to be awarded" for an amount of Euro 30.384.179. This receivable corresponds to the present value paid to the beneficiary entities in relation to grants in annual instalments that as at 31 December the Province had not yet awarded to Cassa del Trentino. The receivable has increased by the payments made to the beneficiaries of the grants in annual instalments not yet awarded and is decreased by the awards, as ordered by the Province, of the annual instalments relating to any grants already paid to the beneficiaries. The net reduction on 2012 totals Euro 54,610,110.

- "Deferred capital grants paid" to Euro 175,000,170. These receivables include the contributions that the Company paid to the recipient institutions in advance of the collection by the Province. In 2013, the credit increased to 126.7 million Euro, as capital grants were paid to the recipient institutions for Euro 152,557,832 and Euro 25,457,639 collected by the Province. As a result of the reorganization of the Provincial Executive no. 310/2013 a further decrease of Euro 392,307 was determined.

This receivable is entered at nominal value and is non-interest bearing. The Convention in place with the Province establishes that the Province shall disburse these grants to the Company on the basis of the annual planning of disbursements as agreed with the Company's General Management and the Manager of the relevant structure of the Financial Affairs Department of the Province.
These receivables, just as the "Receivables from PAT for building grants awarded" are receivables non-interest bearing, for which no contractual term is envisaged, and for which there are no other agreements regulating their repayment.
Basically, as these are sight receivables, the amortised cost criteria (IAS 39, AG 79) does not apply, nor does discounting.

- "Receivables from PAT for building grants awarded", which record a reduction going from Euro 1,244,124 in 2012 to Euro 1,083,487 in 2013; these relate to the concession of grants to addressees of provincial works on building restructuring operations (Art. 4, Provincial Law no. 2/2009), for the part not yet financed with the award on account of annual instalments envisaged in the provincial budget. The reduction is due to the dismissal of 3 procedures for a total value of Euro 126,970, in addition to the reduction of grants awarded to beneficiaries (Euro 33,666) by virtue of the lesser expense reported with respect to that permitted for the loan or by virtue of revocation/renunciation. At the end of 2013, there were still 4 outstanding procedures.

- "Receivables from PAT for grants in annual instalments" record an increase on last financial year, going from Euro 988,087,580 to Euro 1,120,059,537 with an increase of approximately 132 million Euro. This increase derives from the present value of five new awards ordered by the Province at the request of the Company during 2013: the first of approximately Euro 48.3 million, with decision no. 3 of 15.01.2013, the second of approximately Euro 34.7 million with decision no. 12 of 14.06.2013, and the third of approximately Euro 50.6 million, made with decision no. 18 of 12/09/2013 and amended with decision no. 6 of 09/06/2014 (for which the Province ordered the exception to the normal discounting criteria because, as explained above, it supports the bullet repayment of the loan at zero interest received from Regione Autonoma Trentino Alto Adige, but that in relation to accounting however, it brought about a discount to market rates amounting to Euro 24.2 million in compensation to a specific equity reserve), the fourth of about Euro 70.3 million with decision no. 22 of 18.11.2013, the fifth of about Euro 74.6 million with decision no. 24 of 27.11.2013, as well as the increase in the share of interest income accrued at year-end and not yet collected for Euro 5.4 million. The increase was offset by proceeds of annual instalments already awarded in the amount of Euro 127.8 million.

- "Receivables from PAT for annual instalments on home loans" for Euro 1,883,877 represent the present value of the awards of grants in annual instalments carried out by the Province by decision no. 284 of 29 April 2010 and decision no. 703 of 20 October 2010, net of the capital quota of the annual instalments collected amounting to Euro 2 million.

- "Receivables from PAT for awarding on account of building annual instalments" for Euro 33,226,088, represent the present value of the first award, ordered by the Province by decision no. 353 of 22 December 2009, decision no. 276 of 30 November 2010 and, finally, decision no. 397 of 21 December 2011, of grants on account of annual instalments to finance the grants awarded, upon instructions of the Province, to private persons for building refurbishments. This receivable is reduced by the collections of the capital quota of the annual instalments by PAT amounting to Euro 13 million.

- "Receivables from PAT for grants in annual instalments EDA" with a balance of Euro 18,546,323 represents the present value of the first award with reference to the grants for the extraordinary housing construction plan, made with decision no. 701 of 02/12/2011 and the new award made in financial year 2012 by decision no. 227 of 19/04/2012, net of the capital quota of the annual instalments mounting to Euro 7.7 million.

- "Receivables from PAT for grants for early redemption of loans" for Euro 20,471,925 represent the receivable deriving from the early redemption of the loans of the municipalities of the Trentino region. The reduction of Euro 5.9 million is equal to the capital quota repaid in 2013 of the amortising debenture loans issued to finance the extinguished and subscribed by CDP.

Amounts due from the Province for annual instalments are measured at amortised cost in accordance with the effective interest rate method.

- "Unsecured loans" for a total value of Euro 40,750,683 (nominal Euro 37,614,254): this is a portfolio of loan income at fixed rates, granted to municipalities in the past. The Company has not resolved any credit operations since 2008. The reduction in the nominal value with respect to last year (Euro 3,546,559) equates to the amortisation shares collected during the year and the early repayment of two loans from the municipalities of Villa Lagarina and Folgaria (Euro 206,196).

These loans are fair value hedged by means of the stipulation of two derivative contracts with Barclays and the Royal Bank of Scotland, for which the fair value is classified under item 50 of the liabilities on the Balance Sheet.

- "Receivables from PAT for advances on payments on behalf of PAT" for Euro 39,109,212, represent the residual receivable as at 31 December 2013 of the advance paid by the Company, at the request and on the behalf of the Province, of expenses scheduled for its programming instruments. The residual receivable was repaid in full by the Province by end January 2014.

- "Receivables from PAT for advance to Youth Fund" at the end of 2013 were zero. "Amounts to be recovered from the recipient institutions" amounted to Euro 510,448. These mainly relate to payments of contributions into the current account granted to the municipalities not subject to the Stability Pact, which the Province has restated decreased by resolution of the Provincial Executive no. 2717 of 20.12.2013, giving rise to receivables to be recovered.

- "Receivables due from non-credit entity lenders" at the end of 2013 were zero.

- Investment in Diatec SpA from the merger with Tecnofin Trentina SpA has been listed among the receivables and valued at the sale price established in the act dated 27.5.2010 entered into with Diatec Holding SpA.

For the "Other assets", except receivables to PAT for grants to municipalities for annual instalments and loans issued, the fair value (Level 3) is considered to be equal to the book value.

Finally, "Receivables from customers" includes, under item 2 "Debt securities", variable-rate bond securities for a value of Euro 15,000,000, issued by Patrimonio del Trentino S.p.A. and subscribed by Cassa del Trentino during 2010.

Section 7 - Hedging derivatives - Item 70

7.1 Breakdown of item 70 "Hedging derivatives"

Notional value / Levels of *fair value*	2013				2012			
	Fair value			NV	*Fair value*			NV
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1. *Fair value*								
2. Cash flows		156,324		3,817,420		272,015		4,177,803
3. Foreign Investment								
Total A		**156,324**		**3,817,420**		**272,015**		**4,177,803**
B. Credit derivatives								
1. *Fair value*								
2. Cash flows								
Total B								
Total		**156,324**		**3,817,420**		**272,015**		**4,177,803**

L1 = Level 1
L2 = Level 2
L3 = Level 3
NV = notional value

This item recognises the cash flow hedge stipulated with Natixis in September 2009. More specifically, it is an interest rate swap that aims to transform the variable-rate return on the short-term deposit stipulated with Natixis, into a fixed rate. It is therefore a cash flow hedge, which in 2013 was effective.

7.2 "Hedging derivatives": hedged portfolios and hedge types

Transactions / Hedging type	*Fair Value*						Cash flows		Foreign investments
	Specific					Generic	Specific	Generic	
	interest rate risk	currency risk	credit risk	price risk	other risks				
1. Financial assets available for sale									
2. Loans							156,324		
3. Financial assets held to maturity									
4. Portfolio									
5. Other transactions									
Total assets							**156,324**		
1. Financial liabilities									
2. Portfolio									
Total liabilities									
1. Expected transactions									
2. Portfolio of assets and financial liabilities									

The table shows the fair value of the hedging derivatives broken down in relation to the asset or liability hedged and the type of hedge realised.
As specified in the comments to the previous table, the Company has in place just one cash flow hedge derivative with a positive fair value to hedge a specific asset - short-term deposit with Natixis.

Section 9 - Investments – Item 90

This item includes investments in subsidiaries (IAS27), jointly controlled subsidiaries or those subject to significant influence (IAS28).

9.1 Investments: information on investments

Company name	Book value	Shareholding %	Availability of votes %	Registered offices	Total Assets	Total income	Amount of shareholders' equity	Result for previous year	Listed (Yes/No)
A. Subsidiaries exclusively									
1. Paros S.r.l.:	1,253,567	100.00	100.00	Trento	1,724,473	1,718,685	1,253,566	41,142	No
B. Subsidiaries joint ventures									
-									
C. companies subject to significant influence									
1. UniIT S.r.l.	2,313,647	49.00	49.00	Trento	5,577,075	3,001,600	4,721,727	121,424	No

The share capital of Paros Srl is made up of 10,000 shares with a nominal value of 1 Euro and is 100% owned by Cassa del Trentino SpA.
The share capital of Uni IT Srl is made up of 1,000,000 shares with a nominal value of 1 Euro and is divided between:
- UniCredit Business Integrated Solution SCpA, Milan, 510,000 shares equal to 51%;
- Cassa del Trentino SpA 490,000 shares equal to 49%.

Equity investments consist of unlisted securities. Both investments have been acquired as part of the business combination effected through the incorporation of Tecnofin Trentina SpA.
With regard to the 100% subsidiary Paros Srl, the Board of Directors decided in its meeting of 16 April 2014 not to proceed with the preparation of the consolidated financial statements considering that the valuation of the investment by the equity method (which in itself already provides the making of a synthetic consolidation) in the individual financial statements of the Company does not jeopardise the principles of relevance and materiality of the information. At the same meeting it was also agreed to take on, as the limit of significance in addition to that considered necessary to prepare consolidated financial statements, the holding of a controlling interest in a company with assets not less than 1% of those of the parent company and revenues (value of production of the subsidiary) not less than 5% of those (items 10 and 160 of the income statement) of the parent company for the previous year. These need to be reviewed in relation to any other acquisitions of controlling interest.

The following section provides some additional information related to investments contained in the item:

Paros S.r.l.: The company was formed in June 2008 with a registered capital of Euro 10,000, acquiring the business branch "Mandato Informatico" (Electronic Mandate) from Informatica Trentina SpA. The Company's principal activity is the delivery of application services related to "Electronic Payment Order" and "Electronic Liquidation" projects for the management, in fully digital format, of payments or receipts to/from public administration bodies, by affixing a digital signature.

The 2013 Financial Statements (of which the schemes are proposed in Annex 1) closed with a profit of Euro 41,142, after amortisation of Euro 99,829, as well as provisions of Euro 85,004 for current taxes and Euro 58,613 for deferred taxes.
Total assets amounted to Euro 1,724,473, the total liabilities without regard to shareholders' equity amounts to Euro 470,806 and shareholders' equity amounted to Euro 1,253,566.
Sales revenues are derived from services provided to Uni IT Srl (70% of sales) and the services provided for Informatica Trentina S.p.A, within the Gruppo Provincia, which represents the remaining 30% of sales.
In the course of 2013, Uni IT has requested and received a discount of 30% on the supply of Paros services, connected to an overall process efficiency required by the UniCredit Group. The discount effect has led to a decline in revenue from the customer (Euro 1,187,000) and - consequently - a decrease of comprehensive income.
Sales to Informatica Trentina amounted to Euro 480,000, an improvement compared to 2012 of Euro 407,000.
During 2013, the subsidiary served 551 institutions of which 97.7% to UniCredit Group and 2.3% to Informatica Trentina. Approximately 6.2 million mandates/collection orders were processed, for an estimated total of about Euro 157 billion.

Uni IT S.r.l.: The company was incorporated on 12 March 2003 for the commercialisation of the Electronic Mandate. In particular, Uni IT aims to offer the public administration sector nationwide the "Electronic Mandate" service for the use of digital signatures for payment mandates.
Despite the heavy reduction in margins resulting from service to UniCredit Business Integrated Solutions SCpA (to the extent of 51% over the previous year), the 2013 financial statements present operating revenues of Euro 2,985,308, a decrease of 31% compared to last year and a net profit of Euro 121,424.
There were 551 entities in 2013 who used the Electronic Payment Order, which remains the main source of the company's revenues, against 520 in the previous year. During the year, 55 new entities and 13 secondary structures were activated, while 20 have not renewed the Treasury Convention with UniCredit.
The geographical distribution is now spread throughout almost all regions, with the exception of Abruzzo and Basilicata, with a volume of 6,546,000 transactions annually, despite the reduction in the volume of payments recorded over a large part of the public bodies served. The activity, which is also expanding, connected with the service of electronic storage of documents, carried out via outsourcing, amounted to 235 customers (214 in the previous year), with an increase of about 10%.
The company has continued the development of tools aimed at improving internal processes and providing a better service to customers.
The company has extended the Convention with the subsidiary Paros Srl until 31 December 2014, as the technology partner for the management of services in start-up, data centre and technical support - application.

9.2 Annual changes in shareholders' equity

	Group Investments	Non Group Investments	Total
A. Opening balance			
B. Increases			
B.1 Purchases			
business combination transactions	10,000	539,000	549,000
B.2 Write-ups	6,857	9,916	16,773
B.3 Revaluations	1,236,710	1,764,731	3,001,441
B.4 Other			
C. Decreases			
C.1 Sales			
C.2 Value adjustments			
C.3 Other			
D. Closing balance	**1,253,567**	**2,313,647**	**3,567,214**

The item "Revaluations" notes the value adjustment made in accordance with IAS/IFRS, with the net assets valuation method, compared to initial recognition at cost. The offset was detected in item 160 "Reserves" on the balance sheet.
The item "Value adjustments" includes the value adjustment occurred after the initial recognition in accordance with IAS/IFRS, measured with the equity method and corresponding to the share of net income for the period (for the year 2013 corresponding to the period 31/10/2013 - 31/12/2013) pertaining to the Company, under item 170 "Profit / losses on investments" in the income statement.

9.3 Investments pledged as security for own liabilities and commitments

There are no investments pledged as security for own liabilities and commitments.

9.3 Commitments relating to investments

There are no commitments relating to investments.

Section 10 - Tangible assets - Item 100

10.1 Breakdown of item 100 "Tangible assets"

Assets / Values	Total 2013	Total 2012
1. Property assets		
a) land	4,200,000	
b) buildings	3,039,960	
c) furniture	62,648	62,240
d) electronic systems	19,403	20,980
e) other	170,607	
2. Acquired under finance lease		
a) land		
b) buildings		
c) furniture		
d) electronic systems		
e) other		
Total	**7,492,618**	**83,220**

All tangible assets of Cassa del Trentino are measured at cost, as stated in Part A of the Notes to the Financial Statements.
Total tangible fixed assets as at 31 December 2013, net of the depreciation fund, amount to Euro 7,492,618.
Due to the merger with Tecnofin Trentina SpA, the building called "Casa Moggioli," the land on which it is situated and other tangible assets located there as well as those subject to removal at the Company's registered office are included as assets from 31 October 2013.
Among the "other" property assets are works of art, in addition to non-electronic systems, for a book value of Euro 146,780.

It should be noted that the merged Tecnofin Trentina SpA has in the past proceeded with the revaluation of "Casa Moggioli" under Law 72/1983 for a total of Euro 309,874 and under Law 2/2009 for a total of Euro 7,965,300, as better detailed below.

LIST OF FINANCIAL ASSETS SUBJECT TO CURRENCY APPRECIATION

GOODS	HISTORICAL COST BEFORE REVALUATION	REVALUATION LAW NO.2/2009	NET VALUE AFTER REVALUATION
B) FIXED ASSETS			
II. Tangible fixed assets			
1) Land, buildings			
Business buildings			
- Trento - Via Grazioli n.25	532,965	3,767,035	4,300,000
Total	532,965	3,767,035	4,300,000
Land			
- Trento - Via Grazioli n.25	1,735	4,198,265	4,200,000
Total	1,735	4,198,265	4,200,000
TOTAL	**534.700**	**7,965,300**	**8,500,000**

The same property was later written down by the merged Tecnofin Trentina SpA, the financial statements of which 30 October 2013 recorded a valuation allowance of Euro 646,131.
Cassa del Trentino registered the value of the property at the carrying value in the financial statements of the merged company since it was in line with the value determined in accordance with an appropriate valuation report prepared in December 2013, which identifies it in Euro 7,370,000.

10.2 Tangible assets held for investment: breakdown of assets valued at cost

The Company has no tangible assets for investment purposes.

10.3 Tangible assets used in operations: breakdown of revalued assets

None.

10.4 Tangible assets held for investment: breakdown of assets measured at fair value

The Company has no tangible assets for investment purposes.

10.5 Tangible assets used in operations: annual changes

	Lands	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance			**62,240**	**20,979**		**83,220**
A.1 Total net reductions in value						
A.2 Net Opening balance			**62,240**	**20,979**		**83,220**
B. Increases:	**4,200,000**	**3,062,049**	**13,461**	**6,071**	**171,541**	**7,453,122**
B.1 Purchases			6,723			6,723
- business combination transactions	**4,200,000**	**3,062,049**	6,738	6,071	**171,541**	7,446,399
B.2 Expenses for Capitalised improvement						
B.3 Write-ups						
B.4 Positive changes in fair value recognised in:						
a) shareholders' equity						
b) income statement						
B.5 Increases arising due to exchange rate						
B.6 Transfer from assets held for investm.						
B.7 Other changes						
C. Decreases		**22,089**	**13,053**	**7,648**	**934**	**43,724**
C.1 Sales						
C.2 Amortisation		22,089	13,053	7,648	934	43,724
C.3 Value adjustments for impairment charged to:						
a) shareholders' equity						
b) income statement						
C.4 Decreases in fair value recognised in:						
a) shareholders' equity						
b) income statement						
C.5 Decreases arising due to exchange rate						
C.6 Transfers to:						
a) act. equipment held for investm.						
b) assets held for sale						
C.7 Other changes						
D. Net closing balance	**4,200,000**	**3,039,960**	**62,648**	**19,402**	**170,607**	**7,492,618**
D.1 Total net reductions in value						
D.2 Gross closing balance	**4,200,000**	**3,039,960**	**62,648**	**19,402**	**170,607**	**7,492,618**
E.1 Valuation at cost	**4,200,000**	**3,039,960**	**62,648**	**19,402**	**170,607**	**7,492,618**

The increase in fixed assets recorded during 2013 was due primarily to the recognition in the balance sheet of tangible assets deriving from the process of merging with Tecnofin Trentina SpA and the purchase of furniture to accommodate personnel of the merged company in the Company's registered office.
Tangible assets are depreciated, by adopting the straight-line method of depreciation, and amortisation is calculated by applying the following rates:

Description	Rate
Buildings (Casa Moggioli)	3%
Office machines	20%

Furniture and fixtures	12%
Central heating	8%
Electric / hydraulic plant	15%
Internal comms. and video plant	30%
General plants	30%
Specific plants	25%

These rates are considered adequate to reflect the remaining useful lives of the related assets. The land on which the "Casa Moggioli" building stands and any works of art are not depreciated, as required by the accounting principles applied by the Company for the purposes of the preparation of its financial statements.

10.6 Tangible assets held for investment: annual changes

The Company has no tangible assets for investment purposes.

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

The Company has not entered into commitments to purchase tangible assets.

Section 11 - Intangible assets - Item 110

11.1 Breakdown of item 110 "Intangible assets"

Items / Evaluation	2013		2012	
	Assets carried at cost	Assets measured at fair value	Assets carried at cost	Assets measured at fair value
1. Goodwill				
2 Other intangible assets:				
2.1 property				
- generated internally				
- other	16,309		26,707	
2.2 acquired under finance leases				
Total 2	**16,309**		**26,707**	
3 Assets related to finance leases:				
3.1 unopted assets				
3.2 assets withdrawn following resolution				
3.3 other assets				
Total 3				
4 Assets under operating leases				
Total (1 + 2 + 3 + 4)	**16,309**		**26,707**	
Total	**16,309**		**26,707**	

11.2 Intangible assets: annual changes

	Total
A. Opening balance	**26,707**
B. Increases	**2,282**
B.1 Purchases	1,119
- business combination transactions	1,162
B.2 Write-ups	
B.3 Increases in fair value	
- Shareholders' equity	
- Income statement	
B.4 Other	
C. Decreases	**12,680**
C.1 Sales	
C.2 Amortisation	12,680
C.3 Value adjustments:	
- Shareholders' equity	
- Income statement	
C.4 Decreases in fair value	
- Shareholders' equity	
- Income statement	
C.5 Other	
D. Closing balance	**16,309**

Intangible assets subject of the description are valued at cost and increases for purchases recorded during 2013 relate to the new company software purchased from outside. Those for company mergers relate to intangible assets (software) recorded upon the merger of Tecnofin Trentina SpA.
Amortisation of intangible assets was carried out with the direct method, by adjusting the historical cost on the basis of their useful life and using a rate of 20%.

Section 12 - Tax assets and liabilities

12.1 Breakdown of item 120 "Tax assets: current and deferred"

Breakdown	Total 2013	Total 2012
120.a Current tax assets		
IRES		
IRAP		60,934
Tax credits claimed for reimbursement	569,155	
Total sub-item 120.a	**569,155**	**60,934**
120.b Deferred tax assets		
IRES	297,336	23
IRAP	208,871	4
- of which to Law 214/2011		
Total sub-item 120.b	**506,207**	**27**
Total item 120	**1,075,362**	**60,961**

The credit for current tax assets derives from the recognition of tax credits claimed for reimbursement in previous years, which occurred as a result of the merger with Tecnofin Trentina SpA. The 2012 IRAP credit was used in reduction of payments of the advances made in 2013 for the same tax.

In 2013, deferred tax assets recorded the reversal of deferred tax assets in the income statement for 2012, calculated on impairment of intangible assets (costs and expansion) carried out in 2010 during the IAS transition.

The balance of deferred tax assets at the end of 2013, amounting to Euro 506,207, relates to the provision of values of Euro 307,056 deriving from the aforementioned merger and the provisions made in 2013 for Euro 199,151 to offset both the Income Statement and the Reserves (Equity) as detailed in the following tables.

Deferred tax assets refer to amortisation carried out on the revaluation of Casa Moggioli, the devaluation of the property, the productivity bonuses, the cost of plant and investments.

The rates used for the detection of the current tax were 36% for IRES and 4.45% for IRAP while deferred tax assets are equal to 27.50% for IRES and 4.20% for IRAP.

12.2 Breakdown of item 70 of the liabilities - "Tax liabilities: current and deferred"

Breakdown	Total 2013	Total 2012
70.a Current tax liabilities		
IRES	1,098,198	59,694
IRAP	109,551	
Total sub-item 70.a	**1,207,749**	**59,694**
70.b Deferred tax liabilities		
IRES	358,631	10,788
IRAP	452,257	64,364
Total sub-item 70.b	**810,888**	**75,152**
Total item 70	**2,018,637**	**134,846**

In 2013, the Company recorded an increase in liabilities for current tax liabilities, primarily related to the IRES, mainly for the corporate income tax surcharge of 8.5% and an increase in profit before tax and interest expense non-deductible. The debt for current tax liabilities also includes the tax due on net reserves of Euro 6,458,893 (Euro 30,611,293 positive and Euro 24,152,400 negative) recorded as an offset against recognition at fair value, respectively, of liabilities and non-interest bearing receivables with agreed maturity with the Region and the Province, whose current tax burden, recognized in the carrying out of the provisions, amounted to Euro 2,612,622.
Deferred tax liabilities are related to items already present in previous years (taxes based on the 2013 assessment of the cash flow hedge hedging derivative), the revaluation of the shares of the Fondo Housing Sociale Trentino purchased in 2013, and accruals made in 2013 in respect to items stemming from the merger (mainly investments).
The provision and use of funds for deferred taxes was carried out as balancing entries in the income statement and Reserves (Equity) as detailed in the following tables.
The rates used for the detection of current tax were 36% for IRES and 4.45% for IRAP while for deferred taxes the rates were 27.50% for IRES and 4.20% for IRAP.

12.3 Changes in deferred tax assets (offset on the Income Statement)

	Total 2013	Total 2012
1 Opening balance	**27**	**53**
2. Increases	**310,552**	
2.1 Deferred tax assets recognised during the year		
a) relating to previous years		
b) due to change in accounting criteria		
c) write-ups		
d) other		
2.2 New taxes or increases in tax rates	3,496	
2.3 Other increases		
- business combination transactions	307,056	
3 Decreases	**1,597**	**27**
3.1 Deferred tax assets derecognised during the year		
a) reversals	27	27
b) write-offs		
c) due to changes in accounting criteria		
d) other		
3.2 Reductions in tax rates	1,570	
3.3 Other decreases		
a) transform. tax credits under Law no. 214/2011		
b) other		
4. Closing balance	**308,982**	**27**

The increases relate primarily to the burden of taxes recorded following the merger. The Company has no deferred tax assets pursuant to Law 2014/2011.

12.4 Changes in deferred tax liabilities (offset on the Income Statement)

	Total 2013	Total 2012
1 Opening balance	**566**	
2. Increases	**935**	**566**
2.1 Deferred tax liabilities recognised during the year		
a) relating to previous years		
b) due to change in accounting criteria		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases	935	566
3 Decreases		
3.1 Deferred taxes derecognised during the year		
a) reversals		
b) due to changes in accounting criteria		
c) other		
3.2 Reductions in tax rates		
3.3 Other decreases		
4. Closing balance	**1,501**	**566**

The increase in deferred tax liabilities relates to item 170 of the income statement that reports the share of net profit in 2013 of subsidiaries attributable to the Company for investments accounted for using the equity method.

12.5 Changes in deferred tax assets (offset on the shareholders' equity)

	Total 2013	Total 2012
1 Opening balance		
2. Increases	**197,225**	
2.1 Deferred tax assets recognised during the year		
a) relating to previous years		
b) due to change in accounting criteria		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases	197,225	
- business combination transactions		
3 Decreases		
3.1 Deferred tax assets derecognised during the year		
a) reversals		
b) write-offs		
c) due to changes in accounting criteria		
d) other		
3.2 Reductions in tax rates		
3.3 Other decreases		
4. Closing balance	**197,225**	

The increases relate to taxes based on the amortisation of plant costs and effects of the fair value of investments that led to the recognition of negative reserves in shareholders' equity (Infracis Srl and Banca di Trento e Bolzano SpA).

12.6 Changes in deferred tax liabilities (offset on the shareholders' equity)

	Total 2013	Total 2012
1 Opening balance	**74,586**	**58,782**
2. Increases	**765,406**	**15,804**
2.1 Deferred tax liabilities recognised during the year		
a) relating to previous years		
b) due to change in accounting criteria		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases	765,406	15,804
3 Decreases	**30,605**	
3.1 Deferred taxes derecognised during the year		
a) reversals		
b) due to changes in accounting criteria		
c) other		
3.2 Reductions in tax rates		
3.3 Other decreases	30,605	
4. Closing balance	**809,387**	**74,586**

Deferred taxes mentioned in paragraph 2.3 relate to the effects of the actuarial valuation of the fund for severance indemnities (TFR) that, in 2013 in accordance with IAS 19, are offset in the fair value reserve in shareholders' equity. In the same section, increases in deferred taxes calculated primarily by reference to the initial assessment of investments are included, accounted for using the equity method, as well as the reserve of positive valuation of the investment in Autostrada del Brennero S.p.A. and the Fondo Housing Sociale Trentino.
The decrease in deferred tax indicated in Section 3.3 are calculated on the decline in fair value of the cash flow hedging derivative for the amount found to be effective and recognised directly in shareholders' equity.

Section 14 - Other assets - Item 140

14.1 Breakdown of item 140 "Other assets"

Description	Total 2013	Total 2012
Invoices to be issued	408,463	298,309
Other receivables from PAT	-	40
Other receivables	267,876	111,527
Amounts to be recovered from beneficiary contributions	32,887	38,499
Total	**709,226**	**448,375**

The item "Invoices to be issued" relates primarily to income in 2013 for services rendered to Provincia Autonoma di Trento. In particular, the costs to be invoiced to the Province relate to the provision of the following services:

- management of grants to provincial interventions' beneficiaries in the segment of building restructuring operations, for an amount of Euro 8,846;
- project financing consulting for Euro 204,918;
- cost recovery award of the contract for support and assistance in the evaluations concerning the enhancement of the activity areas/services currently performed by Informatica Trentina SpA for Euro 156,881;
- payment service on behalf of the Agenzia Provinciale per l'Energia for Euro 7,571;
- management of the Fondo per la valorizzazione e professionalizzazione dei giovani for Euro 3,277;
- contribution payment Service in relation to the extraordinary beneficial-rate housing construction plan for Euro 2,136.

Other minor amounts recorded under "Invoices to be issued" refer to the allocation of common expenses related to the Casa Moggioli building and the reimbursement by Trentino Riscossioni S.p.A., for Euro 13,661 for expenses related to the detachment of a resource for the months of November and December 2013.

The "Other receivables" are composed almost entirely from prepaid administrative expenses.

Finally "Amounts to be recovered from beneficiary of contributions" (Euro 32,887) refers to requests to refund grants for construction restructuring works with regards to beneficiaries without the relevant rights, awaiting collection. Part of these receivables was recovered during the year with the filing by means of Trentino Riscossioni S.p.A. and obtained with payment in instalments.

PART B - INFORMATION ON THE BALANCE SHEET

LIABILITIES

Section 1 - Payables - Item 10

1.1 Payables

Items	Total 2013			Total 2012		
	To banks	To financial institutions	To customers	To banks	To financial institutions	To customers
1. Loans						
1.1 Repurchase agreements						
1.2 Other loans	264,484,083		25,882,810	204,746,701		
2. Other payables	7,260		500,607,142	216		421,081,697
Total	**264,491,344**		**526,489,952**	**204,746,918**		**421,081,697**
Fair Value - level 1						
Fair Value - level 2	261,067,301		26,944,258	200,218,245		
Fair Value - level 3	7,260		500,607,142	216		421,081,697
Total fair value	**261,074,561**		**527,551,399**	**200,218,461**		**421,081,697**

Column 1 Payables "Repurchase agreements", item 1.2 "Other loans" in financial year 2013 has a balance of Euro 264,484,083; the item includes:

- a simple credit facility contract worth Euro 80,000,000, used in full and with a three-year term, which was raised in February 2012 with the Cassa Centrale Banca and falls due on 26 February 2015. This loan is backed, for its entire term, by a Financial Guarantee Contract (which at 31/12/2013 consisted of three bank bond securities, registered amongst "Due from banks" under item 60 of the Assets, together with the multi-year treasury bonds classified under item 50 of the Balance Sheet Assets) and surety, of up to Euro 84,000,000, including interest and late payment interest, issued by Provincia Autonoma di Trento. The cost of this loan has been linked to the main refinancing rate applied by the European Central Bank, increased by a spread of 75 basis points;
- a second simple credit facility contract worth Euro 75,000,000, used in full, again due on 26 February 2015, stipulated with the Cassa Centrale Banca in a pool with Mediocredito Trentino Alto Adige, backed by surety, up to Euro 81 million including interest and late payment interest, issued by Provincia Autonoma di Trento. The cost of this loan has been linked to the main refinancing rate applied by the European Central Bank, increased by a spread of 195 basis points;
- two tranches, respectively nominal amount of Euro 50,000,000 and Euro 35,000,000, the loan disbursed by the European Investment Bank (EIB) as the first portion of the *framework loan contract* stipulated by the Company and the EIB for Euro 85 million intended to jointly finance - up to 50% of the effective cost - investments made by local public entities in the segments of interest, namely transport, urban infrastructures, infrastructures for public Services, etc. The first tranche of the loan request in the previous year 2012 is to be repaid over 10 years at the fixed rate of 1.959%. The second tranche of the loan

request in April 2013 is to be repaid in 15 years at a fixed rate of 2.421%;
- a contract for the opening of short-term credit not settled by current account, guaranteed by the Province for a period of 3 months (until 28 February 2014, later extended until 30 May 2014), for a maximum amount of Euro 97 million without commitment fee and early repayment attributed to Cassa del Trentino, a spread of 115 bps over Euribor 3m. On 17 December 2013, the contract was finalized for the opening of credit, under the guarantee of the Province pursuant to the resolution of provincial executive no. 2352 of 31 October 2013, out of which has been requested the delivery of a first draft for the amount of Euro 30 million on 20 December 2013 and a second draft of Euro 50 million on 14 January 2014.

These liabilities are recorded at amortised cost.

Column 3 Payables "To customers", item 1.2 "Other loans" includes the following loans not received under market conditions:

- "Interest-free loan from the Region" received 28 June 2013 from Regione Trentino Alto Adige, bullet type, zero interest and lasting fifteen years for the amount of Euro 50,571,000. The loan in question was initially recorded at its fair value of Euro 24,017,955. The difference of Euro 26,553,045, compared to the nominal proceeds, was recorded as expected by OPI 9 in an unavailable reserve classified under item 160 of liabilities. The evaluation of the debt in the balance sheet at 31.12.2013 is performed by applying the effective interest rate, noting the interest expense accrued on the basis of amortised cost.
- "Interest-free loan from the Province" recognised in the Company financial statements following the merger process as the first tranche of Euro 5 million of an interest-free loan from the shareholder Provincia Autonoma di Trento, bullet type, expiring 31.12.2045, which the merger used for the management of investments. The loan was initially recorded at its fair value of Euro 941,751. The difference of Euro 4,058,249, compared to the nominal proceeds, was recorded as expected by OPI 9 in an unavailable reserve classified under item 160 of liabilities. The evaluation of the debt in the balance sheet at 31.12.2013 is performed by applying the effective interest rate, noting the interest expense accrued on the basis of amortised cost.

Column 3 Payables "To customers" item 2 "Other Payables" includes the following items:

- "Payables due for grants in annual instalments to be disbursed" amounting to Euro 382,564,487, including the present value of grants in annual instalments awarded by Provincia Autonoma di Trento payable awaiting application by the beneficiary entities.
  With respect to 2012, this payable rose by Euro 30.8 million as a result of new

grant awards made by PAT (with decision no. 3 of 15 January 2013, decision no. 12 of 14 June 2013, decision no. 18 of 12 September 2013, no. 22 of 18 November 2013, and decision no. 24 of 27 November 2013) for the part relating to outstanding grants, which resulted in an increase of Euro 135.1 million, to which a further increase of Euro 0.9 million is added for remodulations in spending commitments from the Province and rate changes in plans, offset by net payments to beneficiaries in the amount of Euro 105.4 million.

- "Payables to beneficiaries for building grants awarded" amounting to Euro 165,413: this relates to grants for construction restructuring operations awarded to beneficiaries and not yet disbursed.
- "Payables to PAT for grants on account of capital to be recovered" (Euro 231,912) refers to grants on account of capital that must be recovered by Provincia Autonoma di Trento. At present, the regulation set forth in decision no. 244/2011 establishes that recovery takes place by specific order of the Province, by means of the offsetting against future awards.
- "Payables to PAT for grants on account of annual instalments to be recovered" (Euro 265,917) refers to grants on account of annual instalments that must be recovered by Provincia Autonoma di Trento.
- "Payables for additional fees" (Euro 46,666,951) represents the financial year end debt, including relevant interest accrued in 2013, of the annual shares of additional fees pursuant to Provincial Law no. 4 of 6 March 1998 that the Company, appointed by the Province and upon collection from it, disburses to the applicant municipalities in the ways defined by the agreement with the Province.
- "Payables for EDA grants" (Euro 7,360,622) refers to grants to be paid to beneficiaries of the extraordinary housing construction plan, following their award by decision no. 227 of 19 April 2012.
- "Payables due for transfers to be disbursed" (Euro 63,350,831) refer to the transfers of grants of the current part yet to be disbursed, following collection of the awards made as agreed with Provincia Autonoma di Trento.

These are all short-term or on-demand payables, they are non-interest bearing (apart from payables for additional fees) and they are recognised at nominal book value. Their fair value (Level 3) is similar to the financial statements value since it cannot be less than the amount to be repaid.

The Company has no subordinated debt.

Section 2 - Securities in issue - Item 20

2.1 Breakdown of item 20 "Securities in issue"

Liabilities	Total 2013				Total 2012			
	Book value	*Fair value*			Book value	*Fair value*		
		L1	L2	L3		L1	L2	L3
1. Securities								
- bonds								
- structured								
- other	1,039,413,142		1,097,985,949		962,065,277		1,003,685,189	
- other securities								
- structured								
- other								
Total	**1,039,413,142**		**1,097,985,949**		**962,065,277**		**1,003,685,189**	

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

Securities in issue issued by Cassa del Trentino consist of bonds; more specifically:

- "Bonds to maturity - fixed rate" represent the item comprising debenture loans with bullet repayment and maturity over several years, for a total of Euro 536,332,056. More specifically, this was a loan of a nominal value of Euro 192 million issued in 2007 as part of the EMTN programme and maturing on 20.12.2016 with rate of 4.75%; the debenture loan issued in 2008 worth a nominal figure of Euro 74,600,000 subscribed in full by Dexia S.p.A., maturing on 31.12.2027 with rate of 4.827%, and the following bearer debenture loans issued in 2010:
  - "Debenture loan Cassa del Trentino S.p.A. - fixed rate 3.574% - Due 2010/2017" worth a nominal figure of Euro 150,000,000;
  - "Debenture loan Cassa del Trentino S.p.A. – fixed rate 3.414% - Due 2010/2017" worth a nominal figure of Euro 50,000,000.

  In August 2013, a bond loan of Euro 70 million was issued under the EMTN program with an expiry of 31.12.2018 at the rate of 3.745%.

- "Bonds to maturity - fixed rate CDP" for a total of Euro 362,762,219, comprising 6 debenture loans issued under the scope of the agreement with Cassa Depositi e Prestiti and subscribed by it: 5 of these loans were issued in 2007 and 2008 for initial nominal figures of Euro 350,000,000 and a debenture loan was issued by Cassa del Trentino in 2011, for a nominal figure of Euro 150,000,000. On 9 December 2013 two bonds subscribed by Cassa were issued, respectively:
  - nominal value of Euro 33,000,000 - fixed rate 4.471% - expires in December 2032;

- nominal value of Euro 42,000,000 - fixed rate 4.034% - expires in December 2027.

All these loans provide for amortising repayment.

Finally, in July 2013, the Company has placed a new bond issue on the domestic market, partially refinancing the previous issue of Euro 155,000,000 in November 2012, for a nominal amount of Euro 140,000,000, at floating rate of 3 months Euribor with a increase of spread equal to 152 base points and the repayment of capital at maturity fixed at 31 July 2014.

All bonds are recognized at amortised cost.

In the Notes to Part D "Other Information" section 6 - "Related party transactions" collaterals received by the Company in relation to bonds issued are shown.

Section 5 - Hedging derivatives - Item 50

5.1 Breakdown of item 50 "Hedging derivatives"

Notional value / Levels of*fair value*	2013				2012			
	Fair value			NV	Fair value			NV
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives		-						
1. Fair value		3,010,207		37,290,688		4,884,679		40,601,140
2. Cash flows								
3. Foreign Investment								
Total A		3,010,207		37,290,688		4,884,679		40,601,140
B. Credit derivatives								
1. Fair value								
2. Cash flows								
Total B								
Total		**3,010,207**		**37,290,688**		**4,884,679**		**40,601,140**

L1 = Level 1
L2 = Level 2
L3 = Level 3
NV = notional value

This item recognises the fair value, which as at 31 December 2013 was negative, of two identical derivative contracts stipulated with effect from 01.01.2010, with Barclays and Royal Bank of Scotland, in order to provide a fair value hedge of the portfolio of fixed-rate loan assets mentioned in Section 6 of these notes. This is a micro-hedge in accordance with paragraph 78, letter B of IAS 39, given that it refers to a portfolio of homogeneous financial assets.
As at 31 December 2013, the hedge was effective, as seen by the retrospective test performed. The hedge is also effective prospectively.
Cassa del Trentino has conducted tests of effectiveness in accordance with the provisions of IAS 39 and IFRS 13 developing specific calculation routines for this purpose.

The accumulated change in the fair value of the hedged element, starting from the hedging date - the portfolio of loan granted - is positive, amounting to Euro 3,136,428 and is recorded amongst receivables, as it is a specific hedge.

5.2 Breakdown of item 50 "Hedging derivatives": hedged portfolios and hedging types

Transactions / Hedging type	Fair Value					Cash flows		Foreign investments
	Specific				Generic	Specific	Generic	
	interest rate risk	currency risk	credit risk	price risk	other risks			
1. Financial assets available for sale								
2. Loans	3,010,207							
3. Financial assets held to maturity								
4. Portfolio								
5. Other transactions								
Total assets	**3,010,207**							
1. Financial liabilities								
2. Portfolio								
Total liabilities								
1. Expected transactions								
2. Portfolio of financial assets and liabilities								

The table shows the fair value of the hedging derivatives broken down in relation to the asset or liability hedged and the type of hedge realised.
As specified in the comments to the previous table, the Company has two fair value hedges in place covering the loans portfolio.

Section 7 - Tax liabilities - Item 70

With regard to the information on tax liabilities, please refer to the explanations in Section 12 of Assets.

Section 9 - Other liabilities - Item 90

9.1 Breakdown of item 90 "Other liabilities"

Description	Total 2013	Total 2012
Coupon payable on bonds	22,687,663	
Due to suppliers	34,536	48,980
Due to suppliers for invoices to be received	153,866	102,877
Due to employees	647,610	501,366
Due to corporate bodies	122,833	127,855
Due to social security and welfare institutions	66,661	29,444
Withholding income tax Directors	11,335	13,420
Due to the tax authorities	911	885
Withholding tax on bonds	6,461,960	6,869,094
Revenue taxes Employees and Self-Employment	63,493	27,696
Tax authorities VAT a/c	7,471	
Deferred income	4,953	
Due to third parties	338,220	264,423
Total	**30,601,513**	**7,986,039**

The amount of Euro 22.7 million relates almost entirely to the coupons of 4 bonds issued by the Company expired on 31.12.2013 and charged to the Company by the paying bank only at the beginning of January 2014.
"Due to suppliers for invoices to be received" includes costs for 2013 including non-deductible VAT and mainly concerning: the balance of the fee for the legal certification by the independent auditors, the fees for tax advice and of a various natures, the costs for the provision of Internet and computer services and for the creation of the company's new website.
"Due to employees" includes payables and accrued holidays, permits and bank holidays not used by direct employees of the Company (in the amount of Euro 99,275) in addition to the costs to be reimbursed to Provincia Autonoma di Trento for employees made available to Cassa del Trentino (amounting to Euro 404,922). As is standard practice, the Province is repaid cumulatively during the early months of the following year, for the previous year. "Due to staff" also includes productivity bonuses both for personnel directly employed by the Company and controlled by Provincia for a total of Euro 136,928.
"Due to corporate bodies" includes payables due to the Board of Directors (Euro 35,265) and the Finance Committee (Euro 8,453) for 2013 fees paid by 12 January 2014 and to the Board of Statutory Auditors (Euro 79,115).
“Tax payables" include the balance of the regional and municipal addition yet to be paid.
"Withholding tax on bonds" refers to the withholding tax applied to interest expense of bonds issued by the Company. "Tax authorities VAT a/c" has a balance of 7,471 as the annual VAT declaration for the year closed with a net indebtedness to the

Company.
"Deferred income" refers to January 2014 for the rental assets that the Company receives from the subsidiary Paros Srl.
"Due to others" includes, among other things, Euro 310,614 as balance due to the new company Tecnofin Trentina SpA created from the demerger process of the merged company in the merger process.

Section 10 - Employee severance indemnity (TFR) - Item 100

10.1 "Employee severance indemnity (TFR)": annual changes"

	Total 2013	Total 2012
A. Initial balance	**35,546**	**29,261**
B. Increases	**369,198**	**31,561**
B1. Provision for the year	33,295	30,692
- business combination transactions	332,401	
B2. Other increases	3,501	869
C. Decreases	**65,820**	**25,276**
C1. Payments made	21,787	16,294
C2. Other decreases	44,033	8,982
D. Closing balance	**338,924**	**35,546**

The actuarial measurement was made on the basis of the "accrued benefits" methodology using the "Projected Unit Credit" criterion, as envisaged by paragraphs 64-66 of IAS 19. The effects arising from the actuarial valuation of the fund, amounting to Euro 29,755, shown between the other decreases was a balancing entry between valuation reserves in the liability item 170.

Section 12 - Equity - Items 120, 150, 160 and 170

12.1 Breakdown of item 120 "Capital"

The share capital is composed as follows:

Type	Amount
1. Share capital	**52,555,650**
1.1 Ordinary shares	52,555,650
1.2 Other shares (to be specified)	

At the end of 2013, the share capital of Cassa del Trentino, following the merger with Tecnofin Trentina SpA, is composed of 52,555,650 shares each with a nominal value of 1 Euro compared to the value of Euro 7,600,000 at the end of 2012. Following the transaction in question, share certificates have in fact been cancelled for a total of

Euro 2,600,000, which were held by the merged Tecnofin Trentina SpA. At the end of 2013, 100% of the share capital of Cassa del Trentino was then held by Provincia Autonoma di Trento.
There are no shares issued and not yet released, nor repurchased shares.

12.4 Composition of item 150 "Premiums"

In 2013, a reserve for issuing premium shares from the merged Tecnofin Trentina SpA amounting to Euro 6,753,045 was recorded in the balance sheet.

12.5 Additional information

Breakdown of item 160 "Reserves"

Description	Total 2013	Total 2012
Legal reserve	2,501,773	1,520,000
Extraordinary reserve	24,390,230	21,800,910
Investments revaluation reserve	630,060	
Retained earnings	2,920,524	
FTA reserve from valuation from trading	9,036,744	9,036,744
FTA reserve - other types	380,551	380,551
Retained earnings (accumulated losses) IAS - trading derivatives	(4,007,873)	(4,007,873)
Retained earnings (accumulated losses) IAS - other types	3,181,305	(62,332)
Reserve payables owed to the Provincia and Regione valued at *fair value*	18,229,025	
Reserve payables owed to the Provincia valued at *fair value*	(14,382,754)	
Total	**42,879,586**	**28,668,001**

Reserves amounted to Euro 42,879,586 and include:

- the legal reserve (Euro 2,501,773) made up of allocation of 5% of the net profits of the financial statements of previous years and increased in 2013 of Euro 981,773 corresponding to the legal reserve of the merged Tecnofin Trentina SpA;
- the extraordinary reserve (Euro 24,390,230) in 2013 recorded an increase resulting from the allocation of profit from 2012 for Euro 2,589,320;
- the investments revaluation reserve (Euro 630,060) generated by the merger with Tecnofin Trentina SpA when, in 2013, the investment in Informatica Trentina S.p.A. was sold to Provincia Autonoma di Trento;
- in retained earnings (Euro 2,920,524), net profit of the merged Tecnofin Trentina SpA is recorded for Euro 2,927,795 in the financial statements at 30.10.2013. This reserve was subsequently adjusted to Euro 7,271 following the write-off of tax credits for the merged company which is time-barred;
- in the IAS retained earnings (accumulated losses) - other types of Euro 3,181,305, the following effects from the application of international accounting standards IAS/IFRS on the balances merged into the Company's financial statements as a result of the merger with Tecnofin Trentina SpA have been reported:

  - costs of disposal and expansion (Euro 10,959);
  - credit value adjustment to Diatec Cles SpA for Euro 610,558;
  - initial assessment with equity method of investment in Uni IT Srl for Euro 1,764,731;
  - initial assessment with equity method of investment in Paros Srl for Euro 1,236,710;
  - effect of deferred tax assets and liabilities for a total of Euro 357,404;
- the FTA reserves and IAS accumulated losses - trading derivatives incorporate the effect on the financial statements for 2010 generated by the transition to international accounting standards for a total of Euro 9,417,296 and Euro -4,007,873;
- the positive reserve due to the fair value of interest-bearing liabilities to Provincia Autonoma di Trento and Regione Autonoma Trentino Alto Adige for a total of Euro 18,229,025, net of tax;
- The negative reserve due to the fair value of loans to undiscounted annual grants to Provincia Autonoma di Trento for Euro 14,382,754, net of taxes.

Breakdown of item 170 "Valuation reserves"

Description	Total 2013	Total 2012
Revaluation reserves under Law no. 2/2009	1,340,256	
TFR fund valuation	21,572	
Cash flow hedging reserve	94,760	157,408
Valuation reserve - Autostrada del Brennero	6,588,313	
Valuation reserve - Infracis	(2,805,219)	
Valuation reserve - BTB	(1,614,132)	
Valuation reserve - Fondo Housing Sociale	15,858	
Total	**3,641,408**	**157,408**

The revaluation reserve pursuant to Law 2/2009 was recorded in 2013 for Euro 1,340,256, resulting from the merger of Tecnofin Trentina SpA and relates to the revaluation of the Casa Moggioli property.

Following approval, which occurred in 2013, of the revised IAS 19, the TFR fund for Euro 21,572 has been included in the valuation reserve, net of taxes, as an actuarial balancing entry of the fund.
The cash flow hedge reserve on the Natixis deposit amounts to Euro 94,760 net of tax. Any negative changes to this reserve can only take place by virtue of the reduction in fair value, reversals to the Income Statement or application of current or deferred tax. During the year, the reserve increased by Euro 93,000, due to the part of net profits associated with the cash flow hedge of a deposit, which, according to the retrospective efficiency testing as at 31/12/2013, ensured effective hedging.

In accordance with Article 2427, 7-bis of the Civil Code, the following table shows the detailed breakdown of the net assets of Cassa del Trentino, including profit for the year, with indication of the source and the degree of availability and distribution of each reserve.

Possible uses and distribution of shareholders' equity items

Description of shareholders' equity items	Amount total 2013	Nature of reserve	Possibility of utilization	Portion available	Summary of utilizations in last three years	
					for hedging losses	for other reasons
Share capital	52,555,650					
Share premium reserve	6,753,046	capital	A-B-C	6,753,046	NO	NO
Legal reserve	2,501,773	earnings	B			NO
Extraordinary reserve	24,390,230	earnings	A-B-C	24,390,230	NO	YES
Tecnofin Trentina S.p.A. extraordinary reserve	-	earnings				YES
Reserve for own shares of Tecnofin Trentina SpA	-	capital				YES
Investments revaluation reserve	630,060	earnings				NO
FTA reserve from valuation from trading	9,036,744	earnings	A-B-C	9,036,744	NO	NO
FTA reserve - other types	380,551	earnings	unavailable pursuant to Art.7 Leg. Decree no. 38/2005			
Retained earnings (accumulated losses) IAS - other types	3,243,637	earnings				
Retained earnings (accumulated losses) IAS - other types	(62,332)	earnings				
Retained earnings (accumulated losses) IAS - trading derivatives	(4,007,873)	earnings				
Reserve liabilities valued pursuant to OPI 9	18,229,025	earnings	unavailable			
Loans reserve pursuant to OPI 9	(14,382,754)	earnings				
Retained earnings	2,920,524	earnings	A-B-C	2,920,524		
Revaluation reserves under Law no. 2/2009	1,340,256	revaluation	A-B-C(1)	1,340,256		YES (1)
TFR fund valuation	21,572	revaluation	unavailable pursuant to Art.6 Leg. Decree no. 38/2005			
Cash flow hedging reserve	94,760	revaluation				
AFS revaluation reserve	2,184,821	revaluation				
Net income for the year	5,161,466		A-B-C	5,161,466		
Total	**110,991,155**			**49,602,266**		
Non distributible portion				6,753,046		
Distributable amount in accordance with the restrictions established by the Civil Code and tax laws				42,849,220		

A = for capital increase; B = to cover losses; C = for distribution to shareholders

Pursuant to art. 2431 of the Italian Civil Code, the whole amount of the share premium reserve can be distributed only if the legal reserve has reached the limit set by Article 2430 of the Civil Code.

The legal reserve is available to cover losses after, to this end, all other available and distributable reserves have been used and before consuming share capital. The use of the legal reserve must respect the limits of art. 2430 of the Civil Code.

(1) The use and/or distribution of the reserve will be subject to the limitations mentioned in the next paragraph.
The use of the valuation reserve for the original Euro 2,504,173, not stamped in accordance with the regulations provides, in the event of distribution, the application of the provisions of art. 13, paragraph 3 of Law 342/2000 and article. 9, paragraph 2 of the Ministerial Decree 162/2001, under which, in the case of distribution, " the increased balance of the substitute tax would form the basis of assessment of the Company."
The part of the substitute tax corresponding to the use of the aforementioned valuation reserve, in the amount of Euro 56,505, should be considered free and, in this sense, Cassa del Trentino will turn that reserve into the extraordinary reserve amount.
The remaining portion of the revaluation reserve, in tax suspension, may be reduced within the limits for the reduction of the share capital. In the event of using it to cover losses, future profits cannot be distributed until the reserve is reinstated or decreased by resolution of the Extraordinary Shareholders' Meeting.

PART C - INFORMATION ON THE INCOME STATEMENT

Section 1 - Interest

Section 2 - Commission

Section 3 - Dividends and similar income

Section 4 - Net result from trading

Section 5 - Net result from hedges

Section 9 - Administrative expenses

Section 10 - Net adjustments to/write-ups write-upsof tangible assets

Section 11 - Net adjustments to/write-ups of intangible assets

Section 14 - Other operating income and expense

Section 15 - Gains (losses) on investments

Section 16 - Gains (losses) on investment disposals

Section 17 - Period income tax on current operation

Section 1 - Interest - Items 10 and 20

1.1 Breakdown of item 10 "Interest and similar income"

Items/Technical forms	Debt securities	Loans	Other operations	Total 2013	Total 2012
1. Financial assets held for trading					
2. Financial assets measured at *fair value*					
3. Financial assets available for sale					
4. Financial assets held to maturity	901,835			901,835	686,940
5. Loans					
5.1 Amounts due from banks	3,391,627		7,301,803	10,693,430	8,958,418
5.2 Loans to financial institutions					
5.3 Due from customers	235,792		50,979,719	51,215,511	47,069,016
6. Other assets			1,234	1,234	
7. Hedging derivatives					
Total	**4,529,254**		**58,282,755**	**62,812,010**	**56,714,374**

"Interest and similar income" is up on last financial year by Euro 6,097,636, recording a total of Euro 62,812,010.

The income recorded under sub-item 4 "Financial assets held to maturity", column "Debt securities", for an amount of Euro 901,835 shows an increase of Euro 214,895 and includes interest accrued in 2013 for the two multi-year treasury bonds purchased by Cassa del Trentino in 2012.

The income recognised under sub-item 5.1 "Due from banks" increased by Euro 1,735,012 with respect to 2012.

The income recognised under sub-item 5.1 "Due from banks", column "Debt securities", for Euro 3,391,627 refers to the interest coupons, pertaining to the financial year, of the debenture loans issued by UniCredit S.p.A., Intesa Sanpaolo S.p.A. and Mediocredito Trentino Alto Adige S.p.A., subscribed by the Company in 2012.

Income recorded under sub-item 5.1 "Due from banks", column "Other operations" increased by Euro 1,505,012 with respect to 2012, going from Euro 5,796,790 last year to Euro 7,301,803 in 2013; this interest refers to:

- "Interest income with regards to banks" which include interest accrued on ordinary current accounts with banks subscribed mainly operating in the area for a total amount of Euro 5,273,587, a decrease compared to the value of Euro 7,064,883 in 2012, equal to Euro 1,791,296, primarily due to the decline in the rates of return offered by the banking sector;
- "Interest income on restricted current accounts", with a net balance of Euro 1,976,314, an increase of Euro 1,452,906 compared to the balance of Euro 523,408 in 2012, and relates to two restricted current accounts held with the Cassa Centrale Banca respectively maturing in 2016 and 2027;
- "Interest on restricted deposits" has a positive balance of Euro 51,902 compared with net loss of Euro 1,816,884 in the previous year; this figure reflects the accounting incidence, in terms of less interest income for a total of

Euro 2,115,764, that the Company has paid for the early closure with respect to contractual terms of long-term deposits subscribed with Natixis and the Royal Bank of Scotland.

The income noted under sub-item 5.3 "Due from customers" increased by Euro 4,146,495 with respect to 2012.

The column "Debt securities" includes interest income for 2013 of Euro 235,792, a decrease compared to the value in 2012 of Euro 320,323 relating to floating-rate bond issued by Patrimonio del Trentino SpA that the Company subscribed to in 2010.

In the column "Other transactions" interest income showed an increase compared to 2012, an amount equal to Euro 4,231,026 and this refers to:

- "Interest earned on grants on account of annual instalments" which include interest pertaining to 2013 accrued on the amount due from the Province for long-term grants on account of annual instalments for Euro 47,937,475, up by Euro 4,636,322 in 2012.
  The receivable recorded generates interest that totals the difference between the discounted grants and the total grants awarded. This interest is recognised in the Financial Statements on the basis of the effective interest rate, calculated on the basis of the expected receipts by the Company at the time of the award of the annual instalments.
- "Interest income on contributions for early repayment mortgages" for Euro 1,164,147, which relate to accrued interest earned for 2013 interest accrued on the receivable due from the Province for contributions for the early repayment of loans and which decreased, compared to 2012 by Euro 249,758.
- "Interest income on loans" for Euro 1,875,486, which relate to mortgage amortisation at 31 December 2013 and which decreased, compared to 2012 by Euro 156,215.

1.3 Breakdown of item 20 "Interest expense and similar charges"

Items/Technical forms	Loans	Securities	Other	Total 2013	Total 2012
1. Due to banks	(4,629,456)			(4,629,456)	(2,807,143)
2. Due to financial institutions					
3. Due to customers	(923,103)		(308,017)	(1,231,120)	(465,398)
4. Securities in issue		(39,805,258)		(39,805,258)	(38,477,993)
5. Financial liabilities held for trading					
6. Financial liabilities measured at *fair value*					
7. Other liabilities					
8. Hedging derivatives			(1,040,018)	(1,040,018)	(711,299)
Total	**(5,552,559)**	**(39,805,258)**	**(1,348,035)**	**(46,705,853)**	**(42,461,832)**

Total interest and similar expense is up in financial year 2013 by Euro 4,244,021, going from Euro 42,461,832 in 2011 to Euro 46,705,853 in 2013.
In the column "Loans", sub-item 1 "Due to banks" are reported, for a total of Euro 4,629,456, the interest expenses paid in 2013 in relation to two simple credit facilities

with Cassa Centrale Banca, due in February 2015 and the opening of short-term credit with Banca Popolare di Sondrio for a total of Euro 2,976,146; the impact of amortised cost valuation of undrawn borrowing facilities with Cassa Centrale Banca for Euro 132,356, and finally, the amount for the year of interest expense on the two tranches of the EIB *"Framework Loan"* for Euro 1,520,954. Sub-item 3 "Due to customers" includes the interest expense on the zero rate bullet loan received from Regione Autonoma Trentino Alto Adige for Euro 902,076 and the interest-free loan received by the shareholder Provincia Autonoma di Trento for Euro 21,027.

Sub-item 3 "Due to customers", column "Other" indicates the interest expense pertaining to financial year 2013, in the amount of Euro 308,017, a decrease Euro 157,380 compared to 2012, relative to the management of the Service disbursing additional and environmental charges pursuant to Provincial Law no. 4 of 06 March 1998.

Sub-item 4 "Securities in issue", column "Securities" shows interest pertaining to 2013 and accrued on the bonds issued by Cassa del Trentino. This figure refers to the coupons accrued during the financial year, for Euro 36,727,206, to the share pertaining to 2013 of the variable rate debenture loan for Euro 2,859,397 and, finally, to the impact of the measurement at amortised cost of the interest expense on securities accrued during the year for Euro 218,655. An increase of Euro 1,327,266 is recorded with respect to 2012.
The table below gives details of interest expense relating to the individual debenture loans:

Bonds outstanding as at 31/12/2013	Nominal interest expense
BOND 192 million EMTN 4.75%	9,120,000
BOND 43.2 million CDP 4.448%	935,235
BOND 74.6 million DEXIA 4.827%	3,600,942
BOND 8.95 million CDP 4.282%	228,911
BOND 60 million CDP 5.131%	1,859,124
BOND 100 million CDP 4.659%	2,780,557
BOND 137.85 million CDP 4.17%	3,416,043
BOND 150 million EMTN 3.574%	5,361,000
BOND 50 million EMTN 3.414%	1,707,000
BOND 150 million CDP 4.878%	6,650,085
BOND 70 million EMTN 3.745%	883,407
BOND 42 million CDP 4.034%	98,834
BOND 33 million CDP 4.471%	86,067
BOND 155 million TV exp. 31/07/2013	1,804,048
BOND 140 million TV exp. 31/07/2014	1,055,349
Total	**39,586,603**

Finally, sub-item 8 "Hedging derivatives", column "Other" includes the negative spread between the two derivative contracts - amortising interest rate swap contracts subscribed in 2010 with the Royal Bank of Scotland and Barclays - providing a fair value hedge of the loans portfolio for an amount of Euro 1,136,594, offset by the positive difference of Euro 96,576 from the cash flow hedge in place with Natixis.

Section 2 - Commission - Item 30 and 40

2.1 Breakdown of item 30 "Commission income"

Details	Total 2013	Total 2012
1. Finance lease transactions		
2. Factoring transactions		
3. Consumer credit		
4. Merchant banking activities		
5. Guarantees		
6. Services in		
- Management of funds on behalf of third parties		
- Currency trading		
- Distribution of products		
- other		
7. Collection and payment services		
8. *Servicing* in securitization transactions		
9. Other fees	9,767	
Total	**9,767**	

The amount refers to fees for early repayment of loans from the municipalities of Villa Lagarina and Folgaria.

2.2 Breakdown of item 40 "Commission expense"

Info/Sector	Total 2013	Total 2012
1. Guarantees received		
2. Distribution of third party services		
3. Collection and payment services	(23,256)	(17,258)
4. Other fees		
Total	**(23,256)**	**(17,258)**

The item "Commission expense" consists of bank fees and charges; this item has increased over the previous year, due to the increase in existing current accounts.

Section 3 - Dividends and similar income - Item 50

In 2013, the item showed a balance of zero, as the investments are classified as "Financial assets available for sale" and from the merger process of Tecnofin Trentina SpA, effectiveness data of the merger have been recognized in the financial statements of the Company from 31 October 2013, and dividends have not been paid in the two missing months at the end of 2013. Dividends distributed by companies in the first ten months of 2013 were recorded by the merged company in its income statement.

Section 4 - Net result from trading - Item 60

In 2013, just as in the previous year, this item had a balance of zero, as the Company has no outstanding assets classified under this heading.

Section 5 - Net result of hedging - Item 70

5.1 Breakdown of item 70 "Net result of hedging"

Items	Total 2013	Total 2012
1. Income from:		
1.1 Hedging derivatives of *fair value*	1,874,472	
1.2 Hedged assets (*fair value hedge*)		2,017,982
1.3 Hedged liabilities (*fair value hedge)*		
1.4 Cash flow hedges		
1.5 Other		
Total income from hedging activities (A)	**1,874,472**	**2,017,982**
2. Charges relating to:		
2.1 Hedging derivatives of *fair value*		(2,039,972)
2.2 Hedged assets (*fair value hedge)*	(1,840,151)	
2.3 Hedged liabilities (*fair value hedge)*		
2.4 Cash flow hedges	(22,438)	
2.5 Other		
Total charges from hedging activities (B)	**(1,862,589)**	**(2,039,972)**
Net result from hedging activities (A - B)	**11,883**	**(21,989)**

In relation to hedging and hedged operations, this item highlights the relevant income/expense, including write-ups/write-downs, differentials and margins collected/paid as well as other income/expense. Differentials and margins collected/paid to be classified under interest are excluded.
Income and expense are recognised separately, with no offsetting.
Item 1.1 "Hedging derivatives of fair value" recognises the positive change, for a total of Euro 1,874,472 in the fair value of the two derivatives hedging the portfolio of fixed rate loans granted which in 2012 registered a negative change in *fair value* recognized

in item 2.1 "*Hedging derivatives of fair value* ".
Item 2.2 " Hedged assets *(fair value hedge)"* recognises the negative change in fair value of the hedged portfolio of loans granted which in 2012 was recognised as a positive change in the item 1.2 "Hedged assets *(fair value hedge).*"
The sub-items relating to "income/expenses relating to cash flows hedging" is recognised only in the portion of gains / losses on the hedging derivative that does not compensate for the loss / gain on the hedged transaction (imperfection of coverage). For the year 2013, this item was negative by Euro 22,255 and is relative to the "cash flow hedge" hedging derivative.

Section 9 - Administrative expenses - Item 110

9.1 Breakdown of item 110.a "Payroll expenses"

Items/Sectors	Total 2013	Total 2012
1. Employees	**(783,099)**	**(643,169)**
a) Wages and salaries	(574,058)	(475,140)
b) Social security contributions	(154,840)	(114,952)
c) Provision for severance indemnity		
d) Pension costs		
e) Provision for employee severance	(38,456)	(34,387)
f) Provision for pensions and similar obligations:		
- defined contribution		
- defined benefits		
g) Payments to external supplementary pension funds:		
- defined contribution	(745)	
- defined benefits		
h) Other expenses	(15,000)	(18,689)
2. Other personnel in assets	**(374,405)**	**(413,704)**
3. Directors and auditors	**(313,988)**	**(298,568)**
4. Retired personnel		
5. Recovery of expenses for employees seconded to other companies	19,866	
6. Recovery of expenses for employees seconded to the company		
Total	**(1,451,626)**	**(1,355,441)**

Item 1 "Employees" consists of the following:

- sub-item a) "Wages and salaries" includes expenses, including for productivity bonuses (Euro 121,430), for the 19 professionals working in Cassa del Trentino during the year, one of which ended in May. The cost has grown compared to 2012 due to the impact of expenses for the months of November and December as a result of the personnel acquired from the merged Tecnofin Trentina SpA;
- sub-item b) "social security contributions" includes the costs relating to these staff;
- sub-item e) includes the relevant portions of severance indemnity (TFR) accrued during financial year 2013 (Euro 38,456).

- subheading g) includes the cost borne by the Company (2%) for the contribution to "Laborfonds", a supplementary pension fund provided by the supplementary company contract;
- subheading h) "other expenses" includes expenses for reimbursement of food, lodging and travel, meal vouchers, training, insurance of employees. In 2012 there was also, for a total of Euro 5,004, analytical reimbursements of expenses for accommodation, food and travel that have been reclassified since 2013, as required by the Bank of Italy instructions, to item 110 b) other administrative expenses.

Item 2 "Other personnel in assets" includes expenses for seconded staff, including social security contributions borne by the company and, since 2012, also the employee severance indemnity (TFR) accrued; these costs refer to the 4 members of staff seconded to the Company from Provincia Autonoma di Trento, one of which ended 1 December 2013. The decrease with respect to 2012 (Euro 39,299) is due to the use for the entire month of May of a PAT employee made available and the lack of costs for missions performed by the General Manager on behalf of the Province.
Item 3 "Directors and auditors" lists fees including corporate bodies, as detailed in the following table, the insurance charges for Euro 119,915 and social security contributions paid by the company for Euro 10,535.

Entity	Fee	Authorisation fee	Presence tokens	Repayments expenses	Other Charges	TOTAL
Board of Directors	65,000	-	15,500	7,342	4,126	91,968
Board of Auditors	52,500	-	9,500	467	2,499	64,966
Finance Committee	15,000	7,000	-	-	-	22,000
Compliance Committee	3,200	-	1,200	50	153	4,603

Item 5 "Recovery of expenses for employees seconded to other companies" includes both recoveries related to the posting of a resource for the months of November and December 2013 with other companies of Gruppo Provincia Autonoma di Trento, specifically in Trentino Riscossioni SpA, for Euro 13,661, and those pertaining to the months of November and December, amounting to Euro 6,205, received for the functions of the sole director of the subsidiary Paros Srl and a member of the Boards of Directors of the subsidiary Uni IT Srl and the company FinDolomiti Energia Ltd., carried out by an officer of the Company. On 22 November 2013, following the corporate reorganisation resulting in the merger process, a regulatory and economic company contract was signed between the Company and the union representatives, supplementary of *Contratto Collettivo Nazionale dei Lavoratori del Settore Creditizio per i quadri direttivi e per il personale delle aree professionali della Società (National Collective Contract of Workers in the Loan Sector for executives and for professional staff of the Company).*

The supplementary contract became retroactively effective at the date of completion of the merger, 31 October 2013, and will expire on 31 December 2016.

9.2 Average and spot number of employees: breakdown according to category

Workforce	2013 average	2013	2012 average	2012
White-collar workers	10.10	16	11.34	10
of which those in command	*1.92*	*1*	*2.21*	*2*
Executives	3.34	5	3	3
of which those in command	*2*	*2*	*2*	*2*
Total	**13.44**	**21**	**14.34**	**13**

The average number is calculated as the weighted average of employees, considering the number of months worked during the year.
Following the merger of Tecnofin Trentina SpA since 31 October 2013 there were 2 managers, 5 middle managers, and 3 employees. With effect from 13 November, there was 1 manager, 1 framework directive and 1 employee posted free of charge at the Centro Servizi Condivisi.
As at 31 December 2013, there were 3 employees seconded from the Province and 18 employees hired directly by the Company on permanent contracts.
In May 2013, an employee terminated his contract, by voluntary resignation, and with effect from 1 December 2013, Provincia Autonoma di Trento has also ceased the provision of a seconded employee.
Finally, in September 2013, the Memorandum of Understanding with Provincia Autonoma di Trento was renewed for the making available, for a further three years, of a General Manager.

9.3 Breakdown of item 110.b "Other administrative expenses"

Description	Total 2013	Total 2012
Issue expense	(146,501)	(102,964)
Rental fees for property	(106,301)	(103,421)
Other rentals and leasing charges	(65,193)	(61,001)
Consulting fees	(242,690)	(187,022)
Non-deductible VAT	(172,343)	(136,161)
Indirect taxes	(16,150)	(5,319)
Certification of financial statements and audit	(50,978)	(56,315)
Delivery charges	(1,519)	(1,343)
Notarial company costs	(31,762)	(2,050)
Utilities	(13,935)	(15,201)
Representation	(1,544)	(1,619)
Stationery and printed matter	(7,025)	(11,039)
Charges Legislative Decree no. 626 prevention and safety	(2,560)	(2,278)
Cleaning expenses	(16,518)	(16,594)
Property expenses for "Casa Moggioli"	(13,455)	
Analytical refunds to employees	(8,377)	
Other administrative expenses	(70,040)	(28,285)
Total	**(966,892)**	**(730,610)**

The increases over the previous year, are recorded primarily in the following items:

- the "Issue expense" marks a trend in increase over the previous year, totalling an amount of Euro 146,501, reflecting the attribution of the rating and the renewal of the EMTN programme for Euro 125,861, to which the supervision contribution of Consob is added for 2013, amounting to Euro 20,640, commensurated with the number of issues listed in the previous year;
- "Consulting fees " also includes the amount of Euro 122,286 for Deloitte Consulting Srl consultancy for the support service and assistance in the evaluations concerning the assessment of activities/services performed by Informatica Trentina SpA. This cost is recovered from Provincia Autonoma di Trento, among operating income, as argued on the basis of a specific mandate (Provincial Council Resolutions no. 45 of 21 January 2011 and no. 8 of 13 January 2012);
- the balance of "Non-deductible VAT" registered an increase of Euro 36,182, with the same percentage of non-deductibility of the tax remained unchanged at 99%, in relation to the increase in costs and the purchase of furniture;
- the "Indirect taxes" are affected by the new stamp duty on securities equal, to the non-physical persons for 2013, to 0.15% up to a maximum of Euro 4,500. Specifically, the Company was taxable for a deposit account at Mediocredito Trentino Alto Adige and for the bond issued by Patrimonio del Trentino SpA;
- the "corporate notarial costs" are influenced by the notary requirements resulting from the merger process of Tecnofin Trentina SpA and are partly recovered, for Euro 15,881, from other operating income of the company derived from the demerger process of the same;
- the "property expenses for Casa Moggioli", following the acquisition of the property as an asset of the Company following the merger, is related to utilities, maintenance and taxes for the months of November and December;
- the "analytical refunds to employees" refer to the accounting reclassification from "Personnel expenses" made in 2013, as required by the Bank of Italy's instructions;
- "Other administrative expenses" increased following the start-up costs for the process of renewal of the Company's website, for the accession contribution to the Shared Services Centre, the new compulsory contribution paid to the Member State Authority for Competition and the Market and for the more fully comprehensive fire and theft insurance.

Pursuant to paragraph 16bis of Article 2427 of the Civil Code introduced by Legislative Decree no. 39/2010, it should be noted that the total amount of fees payable to external auditors PricewaterhouseCoopers SpA for the year amounted to Euro 63,975, net of VAT, of which Euro 16,980 included obligations related to the EMTN programme and Euro 46,995 related to the statutory audit carried out.

Section 10 - Net adjustments to/write-ups of tangible assets - Item 120

10.1 Breakdown of item 120 "Net adjustments to/write-ups of tangible assets"

Adjustments and write-ups	Depreciation (a)	Value adjustments for impairment (b)	Write-ups (c)	Net result (a+b-c)
1. Operating assets	**(43,724)**			**(43,724)**
1.1 of property				
a) Land				
b) buildings	(22,089)			(22,089)
c) furniture	(13,053)			(13,053)
d) instrumental	(7,648)			(7,648)
e) other	(934)			(934)
1.2 purchased under finance leases				
a) Land				
b) buildings				
c) furniture				
d) instrumental				
e) other				
2. Assets held for investment purposes				
Total	**(43,724)**			**(43,724)**

The value of the item in the financial statements for 2012 was Euro 18,663. The increase was Euro 25,061.
Value adjustments, which all refer to depreciation, relate to tangible assets with a defined useful life that were acquired externally.
Tangible assets are better described in Section 10 of the Assets of these Notes to the Financial Statements.
The total of the item increases for the count, as of 31 October, the effective date of the merger with Tecnofin Trentina SpA, of the depreciation and amortisation related to assets recognized in the financial statements as tangible assets as well as for new furnishings purchased to accommodate the resources from the former Tecnofin for the current registered office.

Section 11 - Net adjustments to/write-ups of intangible assets - Item 130

11.1 Breakdown of item 130 "Net adjustments to/write-ups of intangible assets"

Adjustments and write-ups	Amortisation (a)	Value adjustments for impairment (b)	Write-ups (c)	Net result (a+b-c)
1. Goodwill				
2. Other assets				
2.1 of poperty	(12,680)			(12,680)
2.2 purchased under finance leases				
3. Activities related to finance leases				
4. Assets granted under operating lease				
Total	**(12,680)**			**(12,680)**

The value of the item remained unchanged compared to 2012.
Value adjustments made to intangible assets, mainly software licenses, refer entirely to amortisation, whose rates have been determined by applying a 20% rate. For more details on intangible fixed assets, refer to Section 11 of the Notes to the Financial Statements.

Section 14 - Other operating income and expense - Item 160

14.1 Breakdown of item 160 "Other operating income"

Description	Total 2013	Total 2012
Income from services to PAT and functional entities	383,628	312,610
Income from services to companies	31,999	
Active leases	8,807	
Contribution to staff recruitment	10,905	10,469
Other income	5,000	
Total	**440,339**	**323,079**

"Other operating income" includes payment for Services that the Company provided for Provincia Autonoma di Trento in 2013.

This income mainly refers to the Consulting to the Province and management entities and support provided by the Company in relation to project funding for the realisation of special development and investment projects for the Province, for the amount provided for in art.12 of the Convention and stated in the executive decision no. 29 of 16 December 2013 of Euro 204,918; it also includes fees due for the development of the following activities:

- management of the final stages of the award of grants for construction restructuring operations;
- management of the provision for the optimisation and increased professionalism of the younger generation;
- management of the payment service for the extraordinary beneficial-rate housing construction plan;
- management of the payment service on behalf of the Provincial Agency for Water Resources and Energy (APRIE)
- activities carried out to support service and assistance in the evaluations concerning the assessment of activities / services performed by Informatica Trentina SpA, carried out with the help of Deloitte Consulting Srl, the cost for consulting is recognised under "other administrative expenses" and it is recovered by Provincia Autonoma di Trento, among other operating income, as argued on the basis of the specific mandate thereof (Provincial Council Resolutions no. 45 of 21 January 2011 and no. 8 of 13 January 2012).

The fees were quantified in the amount of the costs incurred increased by 7.5% by way of remuneration for the activity carried out, as established in accordance with Art. 12 of the Convention signed with the Province

Among the "Income from services to companies" are revenues from administrative services performed on behalf of other companies system such as the subsidiary Paros Srl, FinDolomiti Energia Srl, and the new company Tecnofin Trentina SpA, the recovery of notarial costs pertaining to the company resulting from the demerger of the merger and recovery of costs for utilities by tenants making use of the "Casa Moggioli" rental property.

Among the "Active leases" item are those related to part of the property premises of "Casa Moggioli" leased to the subsidiary Paros Srl as well as those related to the recovery of condominium expenses.

This item also includes the contribution received from the Employment Agency for the hiring of staff by the Company in 2011.

"Other income" are represented by a claim for damages.

Section 15 - Gains (losses) on investments

15.1 Breakdown of item 170 "Gains (losses) of associates"

Description	Total 2013	Total 2012
1. Income		
1.1 Revaluations		
1.2 Gains on disposal		
1.3 Reversals of impairment losses	16,773	
1.4 Other income:		
2 Expense		
2.1 Write-downs		
2.2 Losses on disposal		
2.3 Adjustments for impairment		
2.4 Other expense		
Net result	**16,773**	

This item includes the costs and revenues associated with investments in subsidiaries, associates, joint associates and those subject to significant influence.

Among the value reversals are the portion of the profit of the subsidiaries, with effect from 31 October (the effective date of the merger with Tecnofin Trentina SpA), specifically:

- Paros Srl (100%) in the amount of Euro 6,857;
- Uni IT Srl (49%) in the amount of Euro 9,916.

Any dividends received on equity investments valued using the equity method are not included in the determination of this entry, but are given as a negative change of item 90 "Investments" in the year of collection.

Section 16 - Gains (losses) on investment disposals - Item 180

In financial year 2013, no investment disposals were made.

Section 17 - Period income tax on current operations - Item 190

17.1 Breakdown of item 190 "Period income tax on current operations"

	Total 2013	Total 2012
1. Current taxes	(8,926,240)	(6,409,103)
2. Changes in current taxes from previous accounting periods		
3. Reduction in current taxes		
3.bis Reduction in current taxes for the year for tax credits referred to in Law No. 214/2011 Change in deferred tax paid in advance		
4. Change in prepaid taxes	1,899	(27)
5. Change in deferred taxes	(935)	(566)
Taxation for the year	**(8,925,276)**	**(6,409,696)**

The tax burden in relation to this financial year concerns IRES calculated on the period taxable income and IRAP calculated on the value of production, in accordance with current legislation.

In the year 2013, the IRES taxable income amounted to Euro 22,169,245; the amount of the related tax amounted to Euro 7,980,929, obtained by applying the rate of 36% composed of the ordinary rate of 27.5% (Euro 6,096,543) increased by 8.5% of the additional one-off in 2013, (Euro 1,884,386). In 2012, the amount of IRES was Euro 5,545,228.

IRAP, on the other hand, was calculated to be Euro 945,311, calculated on a net value of production of Euro 21,242,953. This value was obtained by applying the new rate of 4.45% provincial facilitated scheduled for the credit and financial institutions. In the year 2012, IRAP amounted to Euro 863,875.

Below is a reconciliation of the effective tax charge and the theoretical tax charge.

Reconciliation of theoretical tax charge and effective tax charge booked

IRES (COMPANY EARNINGS' TAX)		
Description	**Value**	**Taxation**
Profit before tax	**14,085,705**	
Theoretical tax liability (rate 36%)		**5,070,854**
Increases		
Non-deductible interest expense	8,562,276	3,082,419
Other increases	24,733	8,904
Decreases		
IRAP on staff costs net of deductions	(48,129)	(17,326)
Share of profit of subsidiaries / associates	(14,773)	(5,318)
Other decreases	(3,581)	(1,289)
ACE Deduction (Aid to economic growth)	(436,987)	(157,315)
Total change	**8,083,539**	**2,910,074**
Taxable and tax burden	***22,169,245***	***7,980,929***

IRAP (REGIONAL BUSINESS TAX)		
Description	**Value**	**Taxation**
Intermediation margin	**16,104,551**	
Theoretical tax liability (rate 4.45%)		**716,653**
Increases		
Non-deductible interest expense	8,562,276	381,021
Other increases	431,721	19,212
Decreases		
Administrative expenses	(870,184)	(38,723)
Depreciation / amortisation of tangible and intangible assets	(50,764)	(2,259)
Flat-rate deduction and social security contributions	(203,896)	(9,073)
Tax deduction for disabled employees	(58,580)	(2,607)
Decreases IAS	(76)	(3)
Other decreases	(2,669,992)	(118,815)
INAIL	(2,103)	(94)
Total change	**5,138,402**	**228,659**
Taxable and tax burden	***21,242,953***	***945,311***

PART D - ADDITIONAL INFORMATION

Section 1 - Specific reference to operations

D. GUARANTEES GIVEN AND COMMITMENTS

D.1 – Value of guarantees given and commitments

Transactions	Total 2013	Total 2012
1) Guarantees issued of a financial nature on first demand		
a) Banks	2,338,227	
b) Financial institutions		
c) Customers		
2) Other guarantees given of a financial nature		
a) Banks		
b) Financial institutions		
c) Customers		
3) Guarantees of a commercial nature		
a) Banks		
b) Financial institutions		
c) Customers		
4) Irrevocable pledges to disburse funds		
a) Banks		
i) certain to be called		
ii) uncertain to be called		
b) Financial institutions		
i) certain to be called		
ii) uncertain to be called		
c) Customers		
i) certain to be called		
ii) uncertain to be called		
5) Commitments underlying credit derivatives: protection sales		
6) Assets pledged as collateral for third parties		
7) Other irrevocable commitments		
a) to issue guarantees		
b) others		
Total	**2,338,227**	

The amount for Euro 2,388,227 refers to the bank guarantee on first demand issued originally by the merged Tecnofin Trentina SpA on behalf of Tecnofin Immobiliare Srl in favour of Mediocredito Trentino Alto Adige SpA, Cassa Centrale Banca SpA, Unicredit Banca d'Impresa SpA and Banca di Trento e Bolzano SpA. This pool of banks, on 11 February 2005, granted a loan of Euro 5 million to Tecnofin Immobiliare Srl.
On 30 January 2014, Mediocredito Trentino Alto Adige SpA and Cassa Centrale Banca SpA released the Company for the commitments made against it. During the following months, Banca di Trento e Bolzano SpA and UniCredit SpA also granted the same release.

D.3 – Guarantees: rank of risk assumed and quality

Type of risk assumed	Guarantees given not impaired				Guarantees given impaired: Non-performing loans				Other impaired guarantees			
	Counter guaranteed		Other		Counter guaranteed		Other		Counter guaranteed		Other	
	Gross value	Adjustments of overall value	Gross value	Adjustments of overall value	Gross value	Adjustments of overall value	Gross value	Adjustments of overall value	Gross value	Adjustments of overall value	Gross value	Adjustments of overall value
Guarantees given by taking first loss risk												
- financial guarantees on first demand			2,338,227									
- other financial guarantees												
- guarantees of a commercial nature												
Guarantees given by taking mezzanine type risk												
- financial guarantees on first demand												
- other financial guarantees												
- guarantees of a commercial nature												
Guarantees issued on pro rata												
- financial guarantees on first demand												
- other financial guarantees												
- guarantees of a commercial nature												
Total			**2,338,227**									

No adjustments were made on the guarantee issued.

D.9 – Changes in guarantees released not impaired

Extent of changes	Guarantees of financial nature on first demand		Other guarantees of financial nature		Guarantees of commercial nature	
	Counterguaranteed	Other	Counterguaranteed	Other	Counterguaranteed	Other
(A) Gross initial value						
(B) Increases:						
- (b1) Guarantees issued						
- (b2) other increases						
- business combination transactions		2,338,227				
(C) Decreases:						
- (c1) guarantees not enforced						
- (c2) transfers to impaired guarantees						
- (c3) other decreases						
(D) Gross final value		**2,338,227**				

D.10 – Assets pledged as security for own liabilities and commitments

Portfolios	Amount 2013	Amount 2012
1. Financial assets held for trading		
2. Financial assets measured at *fair value*		
3. Financial assets available for sale		
4. Financial assets held to maturity	20,631,231	20,314,396
5. Due from banks	77,235,128	77,262,950
6. Loans to financial institutions		
7. Due from customers		
8. Tangible assets		

These three bonds issued by banks operating in the province and signed by the Company in 2012, recognised under "Loans to financial institutions", as well as Long Term Treasury Bonds, recognised under "Financial assets held to maturity", that have been filed with the function of financial security, pursuant to the Legislative Decree no. 170/2004, to Cassa Centrale Banca to guarantee the credit line granted, amounting to Euro 80,000,000.
At the end of 2012, nominal value of Euro 5,200,000 out of a total of Euro 9,000,000 of Multiannual Treasury bill IT0004805070 expiring 1 March 2015 was temporarily not under financial guarantee. At 31 December 2013, the share of the same security not under financial guarantee had a nominal amount of Euro 5,000,000.

Section 3 - Information on risks and related hedging policies

Introduction

The organisational structure model of Cassa del Trentino was prepared when the Company was still a financial intermediary registered on the list pursuant to Art. 113 of the Consolidated Law on Banking, prior to the changes made by Italian Legislative Decree no. 141/2010. This model is inspired by the principles sanctioned by the Bank of Italy, which provides that a healthy, prudent corporate management also depends on an organisational structure suited for the operations of financial intermediaries. According to these principles, the circumstance whereby decision-making processes are supported by a reliable information System and effective internal controls are therefore particularly important, as is the fact that operative conduct must be based on suitably-documented procedures, particularly as concerns data processing. In actual fact, the existence of independent internal controls that function regularly and are highly reliable plays a key role in ensuring the correct performance of the management of the Company.

Considering that the regulations in force at the time, amongst other aspects, granted greater freedom in defining the organisational structures, giving extensive faculty to outsource control functions (internal auditing, risk management and compliance) in implementing the current organisational model, these faculties were also activated, with a view to both concentrating use of current internal resources on offices that are directly productive and to optimising the cost structure, which was difficult to justify in the short-term, given the estimated commitment on the current company dimensions, the allocation of resources permanently assigned to departments that, by nature, cannot be conciliated with other operative tasks.

It is understood that the objective is to review the maturity of outsourcing contracts, in order to assess the possible convenience of insourcing or any reliance on the "Shared Services Centre" consortium.
In this context, in 2010, the Company equipped itself with a new accounting IT system that enables, prospectively, the development of suitable risk management, management control and corporate reporting systems. Since 2012, the risk management function has been internalized.
During the early months of 2011, moreover, the management control department was activated with the hiring of a specifically dedicated employee.
During 2013, the Company took steps to abolish the Office of Management Control, formerly on the staff of the Directorate, bringing together the activities of budgeting and reporting in the new Office of Budget and Planning and entrusting its management to the same resource.
The Board of Directors, at its meeting of 11 September 2013, approved an update of the Organisational Model pursuant to Legislative Decree 231/2001, as proposed by the Supervisory Board of the Company in 2012. More information in this regard is provided in the section "Internal Controls" in the Management Report.
The Company, through the alignment of its organisation to new activities, aims to oversee its management by ensuring the adoption and observance of the standards to ensure the correct and prudent management of the risks described below.

Consequently, the Company is now able to monitor company operations daily, checking the adoption and compliance with standards intended to ensure the correct and prudent management of the risks described below in a timely manner.

It should also be noted that in 2013, as part of the improvement plan of the Public Administration which provides such qualifying actions for the modernisation and streamlining of the provincial public system for management functions through highly specialised competence centres, the Province has provided for the establishment of a consortium - including the provincial public companies - called "Shared Services Centre" which has been delegated the common functions and support service for companies in the province. At the date of preparation of these financial statements, the common functions that will be managed in a centralised manner by the above consortium have not yet been defined.

3.1 CREDIT RISK

QUALITATIVE INFORMATION

1. General aspects

Credit risk is an essential part of each financial transaction, given the fact that in exchange for the contractual performance by one part, there is a performance by the other that is deferred over time or not simultaneous with settlement. The party that first fulfils its contractual obligations therefore finds itself exposed to the risk that its counterparty should fail to promptly fulfil its obligations as they become due, by virtue of default or insolvency.

The significant event as concerns the credit risk does not only become tangible in the event of insolvency, but also in any change in the probability of default and the portion of the exposure that would be lost in the event of default.

Having said this, given the specific operations of Cassa del Trentino, the credit risk exists for receivables due outside the "Province Group" and effectively relating to restricted or unrestricted deposits held with financial intermediaries or other financial instruments the Company may hold.

In actual fact, the credit risk to which the Company is exposed is represented by the amounts that Cassa del Trentino periodically allocates with financial intermediaries, through the opening of current accounts and/or deposits or in the amounts used to purchase bond securities aimed at constituting the sums needed to pay coupons (intended in terms of interest and capital repayment) on securities issued.

As of 31 December 2013, in order to financially hedge its debt, the Company booked current accounts, restricted deposits, two fixed rate debenture loans issued by major national banks operating in the province and due in 2016, for a total nominal figure of Euro 47 million, two fixed rate government securities (BTPs) maturing in 2015 for a total nominal value of Euro 21 million, two variable rate debenture loans: the first issued by a local bank and maturing in 2017 for a nominal value of Euro 30 million and the second by a 100% subsidiary of Provincia Autonoma di Trento maturing in 2020 (and subscribed in 2010) for a nominal value of Euro 15 million. It should be noted in this regard that the agreement that governs the relationship between Cassa del Trentino and the Province formally agrees that if the Company engages in transactions with debt repayment in a lump sum at maturity, Cassa del Trentino is required to appropriate, year by year, the resources necessary for the payment of the fees payable to lenders, including through the establishment of special deposits or restricted/dedicated current accounts, or invested in securities of issuers that are linked to the territory or to the provincial finance in accordance with the guidelines for the use of borrowing transactions imparted by the Province.

2. Policies for the management of credit risk

For the purposes of containment of credit risk, the Company has recently equipped itself with a policy that provides for the diversification of counterparty risk in order to avoid forms of concentration.

This policy, which in its basic principles inspired the management decisions in the past, states that no more than 25% cash which the company sets aside for the repayment of loans / loans issued / contracts, whether it be in sight, restricted or in the form of bonds can be settled / employed by a single entity (with the exception of the treasurer and the operations carried out at provincial public entities belonging to the system). If that limit is exceeded, the Company shall - within a reasonable time horizon - take appropriate action to restore compliance with this limit. This policy also states that with the exception of the operations carried out at the provincial public entities belonging to the system, the company may not hold more than 10% of all emissions of a single issuer.
Furthermore, this policy provides that, with regard to the establishment of special deposits or restricted/dedicated current accounts with credit institutions not directly related to the territory or to the provincial finance, the constraint on the rating not less than that of Investment grade (in case the credit institution present rating expressed by more than one agency, is taken as a reference the judgment of reliability less high) must be respected. Compliance with the constraint of the rating level not lower than investment grade is applicable in cases where such instruments are not readily convertible into cash without losses/expenses incurred by the Company.

In this regard, we note, in any case, that counterparties are all investment grade and that, as at the reporting date, only the counterparty Monte dei Paschi di Siena S.p.A. has a credit rating that for one out of the two ratings agencies falls below investment grade. Moreover, credit exposure with regards to this intermediary is exclusively in the form of amounts deposited in on-demand current accounts and, therefore, which can be withdrawn by the Company at any time.

Prudentially, in order also to contain the effects of any insolvency problems that might occur between the financial intermediaries with which Cassa del Trentino works, the Board of Directors has always placed priority on the appropriation of net profits produced into an extraordinary capital reserve.

Finally, for a correct analysis of the credit risk to which the Company is exposed, it constantly monitors the level of credit exposure with regards to each intermediary (outside the Province Group) and the rating assigned to each of them, together with the credit default swap trend of the individual intermediaries, in order to ensure a correct perception of risk expressed by the market with regards to these counterparties. These entries are regularly submitted to both the Finance Committee and the Board of Directors for all due assessments and decisions.

As at 31.12.2013, the credit rating of the financial counterparty intermediaries (outside the Province Group) was as follows:

Counterparty	**Standard & Poor's**	**Moody's**	**Fitch**
Italian State	BBB	Baa2	BBB+
Intesa Sanpaolo	BBB	Baa2	BBB+
UniCredit	BBB	Baa2	BBB+
Monte dei Paschi di Siena		B2	BBB
Mediocredito Trentino Alto Adige		Baa3	BBB+
Sparkasse (ex: Banca Bovio Calderari)		Ba1	
Cassa Centrale Banca		Baa3	
Natixis	A	A2	A
Cassa Rurale di Aldeno			
Cassa Rurale di Pergine			
Banca Popolare di Sondrio			BBB

The tables below show the Company's total credit exposure, therefore including all receivables claimed by the Company and distinguishing between:

1. the distribution of credit exposure according to portfolio and credit quality;
2. credit exposure towards customers: gross and net values;
3. credit exposure towards banks and financial entities: gross and net values.

QUANTITATIVE INFORMATION

1. Distribution of credit exposure according to portfolio and credit quality

Portfolios/Quality	Non-performing loans	Substandard loans	Restructured loans	Restructured matured impaired	Restructured matured not impaired	Other Assets	Total
1. Financial assets held for trading							
2. Financial assets measured at *fair value*							
3. Financial assets available for sale							
4. Financial assets held to maturity						20,631,231	20,631,231
5. Due from banks						403,220,628	403,220,628
6. Loans to financial institutions							-
7. Due from customers						1,496,863,927	1,496,863,927
8. Hedging derivatives						156,324	156,324
Total 2013						**1,920,872,110**	1,920,872,110
Total 2012						**1,642,749,736**	**1,642,749,736**

Among the financial assets available for sale, the Company has classified only equity investments corresponding to the investments not classified in item 90 of assets and mutual funds, which are excluded from this table as instructed by the Bank of Italy.

2. Credit exposure

2.1 Credit exposure towards customers: gross and net values

Loan type / Values	Loan gross	Adjustments of value - specific	Adjustment of portfolio values	Loan net
A. Impaired assets				
Cash loans:				
- Non-performing loans				
- Substandard loans				
- Restructured loans				
- Loans expired and impaired				
Off-balance sheet loans:				
- Non-performing loans				
- Substandard loans				
- Restructured loans				
- Loans expired and impaired				
Total A				
B. Performing loans				
- Loans expired and not impaired				
- Other loans	1,496,863,927			1,496,863,927
Total B	1,496,863,927			1,496,863,927
Total (A+B)	**1,496,863,927**			**1,496,863,927**

As of 31 December 2013, there are no impaired credit positions to customers.

2.2 Credit exposure towards banks and financial entities: gross and net values

Loan type / Values	Loan gross	Adjustments of value - specific	Adjustment of portfolio values	Loan net
A. Impaired assets				
Cash loans:				
- Non-performing loans				
- Substandard loans				
- Restructured loans				
- Loans expired and impaired				
Off-balance sheet loans:				
- Non-performing loans				
- Substandard loans				
- Restructured loans				
- Loans expired and impaired				
Total A				
B. Performing loans				
- Loans expired and not impaired				
- Other loans	403,220,628			403,220,628
Total B	403,220,628			403,220,628
Total (A+B)	**403,220,628**			**403,220,628**

As at 31 December 2013, there are no impaired credit positions.

2.3 Classification of exposures based on external and internal ratings

2.3.1 Distribution of cash and "off balance sheet" for external rating classes.

Loans	External rating classes						Without rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Cash loans:		1,454,764,803	399,290,736				110,281,267	1,964,336,806
B. Derivatives								
B.2 Derivatives on loans		156,324						156,324
B.1 Financial derivatives								
C. Guarantees issued		2,338,227						2,338,227
D. Pledges to disburse funds								
E. Other								
Total		**1,457,259,354**	**399,290,736**				**110,281,267**	**1,966,831,357**

3. Concentration of credit

3.1 Distribution of cash and off-balance sheet by sector of economic activity of the counterparty.

As previously shown in the tables of assets of the Notes, the Company principally holds loans and receivables with the Italian State (BTP), Provincia Autonoma di Trento, the local government (loans to municipalities) and banks.

3.2 Distribution of cash and off-balance sheet by geographical region of the counterparty

The Company has loans with counterparties mainly belonging to the province and in Italy. The only foreign counterparts belong to the banking sector in the specific operations of deposit and *cash flow hedges* and *fair value hedges* on loans to municipalities.

4. Models and other methods for the measurement and management of credit risk

Please refer to paragraph 2 "Policies for the management of credit risk."

3.2 MARKET RISKS

The market risks represent different types of risk, with the shared characteristic of determining potential losses for intermediaries due to the adverse trend of market prices (interest rates, rate volatility, listing of securities, etc.).
Considering the operations of Cassa del Trentino, it naturally follows that the Company is mainly exposed to the risk of an adverse change in interest rates; this is discussed in the next paragraph.

3.2.1 INTEREST RATE RISK

QUALITATIVE INFORMATION

1. General aspects

This risk is represented by the possibility that a change in interest rates may have a negative effect on Company's interest margins and assets.

In relation to interest rate risk, it should be noted that, during 2013, pending the definition of a new loan agreement with the European Investment Bank, Cassa del Trentino opened a variable rate credit line maturing in the month of May 2014 for a total amount of Euro 97 million - activated for Euro 80 million. In the month of July 2013, it issued a new variable rate loan, guaranteed by the Province, with a nominal value of Euro 140 million, maturing in July 2014, to refinance the bridge loan for a nominal value of Euro 155 million at floating rate issued in 2012.

It should be noted, moreover, that in 2012 the Company entered contracts for two credit facilities to a nominal value of Euro 80 and 75 million index-linked to the main refinancing rate of the European Central Bank. The spread expected in the first open-end credit, assisted by a surety of the Autonomous Province of Trento and a financial guarantee contract is equal to 75 basis points while the second opening credit, assisted only by the personal guarantee of the Province, the spread is equal to 195 basis points.
In this respect, it is necessary to stress, however, how on the one hand the indexation of the credit facility was made to a parameter expression of the monetary policy of the central bank and thus is much more stationary than the usual market parameters (Euribor) and on the other hand, the bridge loan and a credit line activated in 2013, despite being indexed to Euribor at 3 months, given their particularly low residual maturity (31.07.2014 and 31.05.2014 respectively), they do not represent a particular element of variability in interest charges incurred by the Company.

The Company is exposed to the variability of the rates on the assets of the Balance Sheet, in view of the presence of variable rate instruments represented by current accounts and two index-linked debenture loans, respectively, to the 3 month Euribor and the 6 month Euribor.

In addition to the above products, in 2010, the Company stipulated two interest rate swaps maturing in 2029 as fair value hedges of the loans disbursed to local entities of the Province of Trento, transforming the return on these loans from fixed to variable. More specifically, Cassa del Trentino exchanges the interest calculated at fixed rate and perceived by its loans portfolio with variable rate interest, index-linked to the 6 month Euribor plus a spread of 1.503%.

QUANTITATIVE INFORMATION

1. Distribution according to residua term (re-pricing date) of financial assets and liabilities

Items/residual duration	Up to 3 months	Over three months, less than 6 months	From 6 months up to 1 year	From over 1 year up to 5 years	From 5 years up to 10 years	Over 10 years	Indefinite period
1. Assets							
1.1 Debt securities	15,452,555	30,000,000		67,413,772			
1.2 Loans	274,118,597	1,711,934	3,616,707	180,320,984	535,971,524	518,659,359	293,381,432
1.3 Other assets							
2. Liabilities							
2.1 Payables	902,076	30,000,000		154,844,075	45,426,670	59,007,009	500,801,465
2.2 Debt securities	140,592,562			627,292,121	121,989,319	149,539,139	
2.3 Other liabilities	22,687,663						
3. Financial derivatives							
Options							
3.1 Long term positions							
3.2 Short term positions							
Other derivatives							
3.3 Long term positions							
3.4 Short term positions							

The amount of Euro 22.7 million in other liabilities refers to the coupons and the repayment of capital for 4 bonds issued by the Company due on 31/12/2013 and charged to the Company by the paying bank within the first days of January 2014.

2. Models and other methods for measuring and managing the interest rate risk

After having equipped itself with a new accounting IT system, the Company is now completing development of the procedures by which to monitor, within its Risk Management Department, the interest rate risk (stress testing) aimed at enabling a multi-year analysis of the impacts of a change in interest rates.

3.2.2 PRICE RISK

QUALITATIVE INFORMATION

1. General aspects

If in 2010 the Company was exposed to the risk of variability in the market value of OTC derivatives, which had been booked as instruments held for trading, and to the variability of the price of a single bond security held in the assets portfolio, in 2011 the Company extinguished the contracts that had been classified as trading derivatives as, therefore, it was no longer exposed to the variability of the mark-to-market of these instruments.

In 2012, Cassa del Trentino used part of the amounts it regularly allocates to pay its issues to subscribe bond securities - with maturity profiles in line with the redemption profiles of its own loans - issued by financial intermediaries operating in the territory and two government securities. These securities are in addition to the debenture loan already held in the Company's 2010 financial statements and expose the Company to the risk of their price variation. Moreover, it is specified that these securities are not classified as financial assets held for trading; therefore, as they are not noted at fair value, but rather at amortised cost, the price changes of these instruments do not affect the Company's economic results.

As concerns the aspects connected with the monitoring of these risks, as they are strictly connected with the rates risk, please see the description given in the paragraph above.

MARGINAL CHECK RISK OF FIRST CREDIT FACILITY

With a specific focus on the price risk, it must be pointed out that with the activation of the first credit facility last 28 February 2012 and the simultaneous subscription of the financial guarantee contract by means of which Cassa del Trentino transferred the ownership of certain listed bond securities held in its portfolio (for a total nominal value of Euro 89 million) as collateral, in accordance with and pursuant to Italian Legislative Decree no. 170/2004, the Company is exposed to the risk of the price of these securities given as guarantee. In actual fact, should the assets given as guarantee decrease in value to the extent where the cautionary value should fall below the exposure with regards to the lending bank, it may ask that these guarantee be supplemented, establishing reasonable terms within which to fulfil. The cautionary value of the guarantee is determined by applying a "haircut" (as defined by the European Central Bank) to the market value of the suitable assets. In order to cope with a potential request to supplement the guarantees, the Company had originally allocated an amount of Euro 15 million. For more than two years after the activation of the credit line and the simultaneous signing of the financial guarantee contract, the amount (cash and nominal value of bonds) still available for any requests for integration of haircuts amount to about Euro 13.6 million.

3.2.3 CURRENCY RISK

QUALITATIVE INFORMATION

1. General aspects

All financial contracts implemented by the Company, both for assets and liabilities, are in Euro.
There is just one contract for the supply of Services (the information provider Bloomberg), which is in US dollars. Given the modest level of expenses connected with this supply (just under 2,000 USD per month), if compared with the volumes managed by the Company, we can say that at present there is no significant currency risk.

3.3 OPERATIONAL RISKS

QUALITATIVE INFORMATION

1. General aspects, management processes and measurement methods for operational risk

The term "operational risk" is used to refer to the risk of direct or indirect losses deriving from malfunctions on a procedural, staffing and internal systems level, or by exogenous events, including the legal risk. The Operational Risk involves numerous competences and management systems within the Company and can be traced back to four categories of causal factors:

1. human resources: losses deriving from personal conduct such as errors, fraud, failure to comply with internal rules and procedures, incompetence or negligence, etc.
2. processes malfunctioning of internal procedures or, very often, deficiencies in the control System;
3. exogenous factors: environmental threats, crimes committed by external subjects, political or military events, changes to the legislative and fiscal framework, etc.

4. technology: everything related to ICT, systems, etc.

Insofar as it is a risk that is transversal to processes, operational risk is controlled and mitigated by the internal regulations in force (regulations, implementing provisions, delegations), which are prepared above all in preventive terms.

In 2010, the Company equipped itself with its own procedure for the purchase of goods, services and consulting and staff recruiting, which was reviewed and updated in 2013.

Firmly convinced that process documentation represents the best possible answer to the need to monitor operational risk, the processes for the disbursement of grants to private customers and the disbursement of grants to public subjects were mapped.

In autumn 2011, also with the help of external collaboration in support of the internal work group, and in view of the definition of an internal control model compliant with the provisions of Italian Law no. 262/05 with specific reference to the provisions relating to the role and responsibilities of the Manager in charge of drafting accounting and corporate records (Dirigente preposto alla redazione dei documenti contabili societari) and the verification of the suitability and effective application of the administrative-accounting procedures, the Company mapped other important business procedures relating to funding, finance and support activities.

On the suggestion of the Board and with external support, in 2012 an integrated second-level and third-level internal Controls model was prepared, which considers the Internal Audit, the Compliance Departments and the Manager in charge of drafting accounting and corporate records, with a view to increasing efficiency and coherence with the operating complexity of the Company and with, amongst others, the aim of avoiding any overlay of the different control functions over individual operative areas being checked, thereby maximising potential organisational and operative synergies.

In May 2012, this model was approved by the Board of Directors, which also acknowledged the business procedures. During the same meeting, the Manager in charge of drafting accounting and corporate records was appointed. On 23 April 2013, the Board of Directors renewed the appointment of Ms. Menapace as the Executive Officer until approval of the financial statements at 31.12.2014.

On the basis of the approved model, Internal Audit and Compliance duties in 2012 were carried out using external collaborations and most of the procedures of the Manager in charge of drafting Accounting and corporate records were tested.

At the meeting of 11 September 2013, the Board of Directors approved an update of the Organisational Model pursuant to Legislative Decree no. 231/2001, as proposed by the Supervisory Board of the Company in 2012.

At the meeting of 24 January 2014, the Board of Directors resolved to approve the Plan of Prevention of Corruption under the National Anti-Corruption Plan pursuant to Law 190/2012 which states that companies who have adopted organisation and management models under Art. 6 of Legislative Decree no. N. 231/2001 must extend their scope to all offenses covered by Law 190/2012, in order to include all manifestations of the phenomenon of bribery.

The Company is not yet equipped with a "Business Continuity Plan", access to which will be have to be evaluated in the name of safeguarding the Company in the face of crisis events that may affect its full operation. The analysis aimed at the preparation of the plan must identify and formalise operational procedures to be taken during emergencies making responsibilities, roles, timing of the different actors involved explicit.

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

1. General aspects, management processes and measurement of liquidity risk

Generally liquidity risk arises from non-compliance with one's own payment commitments, which can be caused by the inability to raise funds (funding liquidity risk) or by the presence of restrictions on the disposal of assets (market liquidity risk). Liquidity risks also include the risk of meeting one's payment commitments other than at arm's length, i.e. by incurring a high borrowing cost or (and sometimes concurrently) incurring losses on account of capital in the case of disposal of the asset.

It can be said that if the liquidity risk is intended as the risk of default in the payment of amounts due to the holders of loans issued by the Company, given the policy adopted, which entails the progressive allocation of the amounts needed to repay these loans, in terms of capital and interest, through restricted deposits or sight current accounts or bond securities, the Company is not ready exposed to any liquidity risk. In this respect, please note that the loans contracted by the Company are made on the basis of the award of annual grants by Provincia Autonoma di Trento and the award of these grants is arranged by first verifying the financial and economic sustainability of the entire debt operation.

More specifically, flows for the payment of coupons due to debenture loans with a bullet profile are covered by corresponding incoming flows from the amounts allocated with restricted deposits or sight current accounts or other bond securities, whilst flows of loans with an amortising profile are covered by the assignment of receivables, meaning that the instalments of these loans are paid directly by Provincia Autonoma di Trento.

In this regard, it is specified that the last debenture loan issued with amortising repayment profile (2011 issue), despite not being guaranteed by payment delegation as the previous debenture loans issued by the Company with the same repayment method were, but rather by a first-demand surety issued by the Province, the instalments of this loan are in any case covered in full with the award of provincial grants that, as a whole, equal the total amount of the instalments on the debenture loan.

The same treatment is reserved for amortizing profile loans that the Company has obtained from the European Investment Bank in 2012 and 2013.

In addition, also note that the Company carefully and constantly monitors the structure of due dates in order to verify the balance of forecast cash flow and the related evidence is regularly brought to the attention of the Finance Committee and Board of Directors. The analysis prepared so far has not revealed any critical issues in relation to the sustainability of the cash flow connected with the financial operations carried out thus far.

On 2 July 2013, the Company also began the process of updating its Euro Medium Term Note Programme ("EMTN Programme") providing for a review of the framework documentation. The program continues to be backed by the guarantee of Provincia Autonoma di Trento to be released pursuant to letter b-bis) of paragraph 5, Article 8bis of the law on professional rates no. 13/73 and, in accordance with the policy of spending restraint and debt adopted at national and provincial levels, a decision was made once again for a maximum amount of Euro 800 million, not proceeding thus to an increase of the same. On 30 August, the bond was issued for Euro 70 million under the EMTN Programme.

In order to meet its cash requirements, the Company has recently signed a new loan agreement with the European Investment Bank for a total value of Euro 125 million.

QUANTITATIVE INFORMATION

1. Breakdown by contractual residual maturity of financial assets and liabilities - Currency: Euro

Items/time bands	On demand	For more than 1 day up to 7 days	For more than 7 days up to 15 days	For more than 15 days up to 1 month	For more than 1 month up to 3 months	For more than 3 months up to 6 months	For more than 6 months up to 1 year	For more than 1 year up to 3 years	For more than 3 years up to 5 years	Over 5 years	Indefinite period
Cash assets											
A.1 Government Bonds								20,631,231			
A.2 Other debt securities								47,234,954	30,000,174	15,000,005	
A.3 Financing											
A.4 Other assets	260,662,487			39,109,212	10,520,230		1,864,892	975,205	174,796,570	1,087,038,994	276,502,853
Cash liabilities											
B.1 Amounts due to:											
- banks			7,269			30,012,441		154,844,075		79,627,301	
- financial institutions											
- customers										25,882,810	500,607,399
B.2 Debt securities							140,597,533		627,292,121	271,523,488	
B.3 Other liabilities			22,687,663								
Off-balance sheet transactions											
C.1 Financial derivatives with exchange of capital											
- long term positions											
- short term positions											
C.2 Financial derivatives without exchange of capital											
- positive differentials											
- negative differentials											
C.3 Loans receivable											
- long term positions											
- short term positions											
C.4 Irrevocable pledges to disburse funds											
- long term positions											
- short term positions											
C.5 Financial guarantees issued						2,338,227					
C.6 Financial guarantees received											

Section 4 – Information on Shareholders' equity

4.1 Shareholders' equity

Shareholders' equity means both the value brought by shareholders (share capital and any reserves for payments made as capital) and the value generated by the Company in terms of the results achieved by operations (profits carried forwards and other reserves).

In terms of capital management, the Company pursues the objective of using its solid equity as necessary to cope with the capital market and connected risks (credit, rates, counterparty risks, etc.), improving its business and ensuring business continuity.

As a result of the merger between Cassa del Trentino and Tecnofin Trentina at 31 December 2013, the shareholders' equity amounts to Euro 110,991,155, compared to Euro 42,434,729 at 31 December 2012.

Despite having achieved a significantly strengthened balance sheet, the current corporate policy seeks mainly to allocate net profits to the extraordinary reserve following, despite not being obliged to do so, the weighting mechanism of credit exposure as envisaged by the Bank of Italy.

4.1.2.1 Business equity: breakdown

Item/Value	Amount 2013	Amount 2012
1. Share capital	52,555,650	7,600,000
2. Share premium reserve	6,753,045	
3. Reserves		
- earnings		
a) legal	2,501,773	1,520,000
b) statutory		
c) own shares		
d) other	40,377,813	27,148,001
- other		
4. Treasury Stock		
5. Valuation reserves		
- Financial assets available for sale	2,184,821	
- Tangible assets		
- Intangible assets		
- Hedges of foreign investments		
- Cash flow hedges	94,760	157,408
- Exchange rate differences		
- Non-competing assets and groups of assets held for sale		
- Special revaluation laws	1,340,256	
- Actuarial gains / losses related to defined benefit pension plans	21,572	
- Share of revaluation reserves arising on investments carried at equity		
6. Equity instruments		
7. Profit (Loss) for the period	5,161,466	6,009,320
Total	**110,991,155**	**42,434,729**

The shareholders' equity increases by Euro 68,556,426 with respect to 2012 due to changes outlined in the comments of the tables included in the notes at the end of Part B - Information on the Balance Sheet, Liabilities, Section 12 - Heritage.
The same section contains information on the possibility of using and distributing the items of shareholders' equity.

4.1.2.2 Valuation reserve of financial assets available for sale: breakdown

Assets/ Values	Total 2013		Total 2012	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities				
2. Equity securities	6,588,313	4,419,351		
3. Mutual investment funds	15,858			
4. Loans				
Total	**6,604,171**	**4,419,351**		

Reserves are net of tax.

4.1.2.3 Valuation reserve of financial assets available for sale: annual changes

	Debt securities	Equity securities	Share of mutual funds	Loans
1. Initial balance				
2. Positive changes				
2.1 Increase of fair value		6,588,313	15,858	
2.2 Transfer to income statement of reserves that are negative:				
- from impairment				
- from realisation				
2.3 Other changes				
3. Nagative variations				
3.1 Decrease of fair value		4,419,351		
3.2 Impairment losses				
3.3 Transfer to income statement from reserves hat are positive: from realisation				
3.4 Other changes				
Closing balance		**2,168,962**	**15,858**	

For equity securities, the increase due to the impact of fair value relates to the actions of the investment in Autostrada del Brennero S.p.A. while the reduction relates to Infracis Srl and Banca di Trento e Bolzano SpA. The positive change due to the increase in fair value in the OICR shares relate to the shares of the Fondo Housing Sociale Trentino.

Section 5 - Analytical statement of comprehensive income

	ITEMS	Gross Amount	Income tax	Net Amount
10	**Profit (loss) for the year**	14,086,741	(8,925,276)	5,161,466
	Other comprehensive income, net of taxes without reversal to income statement			
20	**Tangible assets**			
30	**Intangible assets**			
40	**Defined benefit plans**	29,755	(8,183)	21,572
50	**Non-current assets held for sale**			
60	**Share of valuation reserves of equity investments valued at equity**			
	Other comprehensive income, net of taxes with reversal to income statement			
70	**Hedges of foreign investments:**			
	a) changes in fair value			
	b) reversal to income statement			
	c) other changes			
80	**Exchange differences:**			
	a) changes in fair value			
	b) reversal to income statement			
	c) other changes			
90	**Cash flow hedges:**	(93,253)	30,605	(62,648)
	a) changes in fair value	(93,253)	30,605	(62,648)
	b) reversal to income statement			
	c) other changes			
100	**Financial assets available for sale:**	23,218	(7,360)	15,858
	a) changes in fair value	23,218	(7,360)	15,858
	b) reversal to income statement			
	- Impairment losses			
	- Gains / losses on disposals			
	c) other changes			
110	**Non-current assets held for sale:**			
	a) changes in fair value			
	b) reversal to income statement			
	c) other changes			
120	**Share of valuation reserves of equity investments valued at equity:**			
	a) changes in fair value			
	b) reversal to income statement			
	- Impairment losses			
	- Gains / losses on disposals			
	c) other changes			
130	**Total other comprehensive income, net of tax**	(40,280)	15,062	(25,218)
140	**Comprehensive income (Item 10 + 130)**	14,046,461	(8,910,214)	5,136,248

Section 6 - Related party transactions

6.1. Information on the fees due to executives with strategic responsibilities

In accordance with IAS 24, executives with strategic responsibilities are those with the power and responsibility for planning, management and control of the Company's activities.
"Executives with strategic responsibilities" also include directors and the members of the control bodies (e.g. board of statutory auditors and supervisory board).
Below the fees of Directors and General Manager are reported as well as the fees paid to the members of the Board of Statutory Auditors.

Remuneration of Directors and Executives with strategic responsibilities	Total 2013
Salaries and other short-term benefits	238,277
Post-employment benefits (pensions, insurance, etc.).	-

Fees paid to the Statutory Auditors	Total 2013
Salaries and other short-term benefits	64,966
Post-employment benefits (pensions, insurance, etc.).	-

During the 2012 financial year, the corporate bodies of Cassa del Trentino were appointed by the Shareholders' Meeting held on 30/05/2012. The fees, attendance fees and emoluments to which they are entitled are in accordance with Resolution of the Provincial Government no. 762 of 19 April 2013.

6.2. Receivables and guarantees given in favour of directors and auditors

The Company has no receivables in favour of directors and auditors. The Company has not issued guarantees in favour of its directors and auditors.

6.3. Information on related party transactions

In accordance with IAS 24, amongst others, any party that directly or indirectly through one or more intermediaries Controls the Company, is controlled by it or is subject to joint control, is a related party.
A related party transaction is a transfer of resources, Services or obligations between related parties, regardless of whether or not a compensation has been agreed.
Relations and transactions involving related parties do not present criticalities insofar as they are attributable to the ordinary financial and service operations.

During the year, no atypical or unusual transactions were implemented with related parties, which, due to their significance or considerable amount, may have given rise to doubt as to the safeguarding of the Company's assets.
Related party transactions are regulated by agreements or contracts and come under the scope of the Company's ordinary operations, as the specific Company's missions is to carry out financial activities towards the Provincia Group.
Related party transactions are carried out regularly at arm's length and, in any case, in line with cost-effectiveness assessments and always in accordance with current regulations; full reasons and grounds for their implementation are given. Exceptions include guarantees issued on behalf of Tecnofin Immobiliare Srl in favour of the lending banks, for which there was no fee, funding by the sole shareholder of Provincia Autonoma di Trento for which nominal interest expense does not mature and, as already described in the management report and in the notes, the debt owed to Regione Autonoma Trentino Alto Adige, also non-interest bearing, as well as the annual subsidy granted by the Province at zero interest.
Transactions with related parties are summarised in the table below, also described in more detail in the management report and in the paragraphs of the notes to the balance sheet and income statement items.
There refer to operations carried out in relation to:

- the parent company: Provincia Autonoma di Trento;
- subsidiaries and companies under significant influence: Paros Srl and Uni IT Srl;
- companies subject to joint control: companies of the Gruppo Provincia;
- Directors, Auditors and Officers;
- other related parties: Regione Autonoma Trentino Alto Adige.

"Economic values - equity related parties"	Parent co.	Subsidiaries or companies subject to significant influence	Joint ventures	"Directors / Auditors / Managers"	Other related parties
Assets					
60 Receivables	1,439,764,798	29,744	15,021,454		
140 Other assets	383,628	2,605	15,368		
Liabilities					
10 Payables	1,460,616				24,920,031
90 Other liabilities	404,922	4,953	322,351	114,380	
Costs					
20 Interest expense	21,027				902,076
110.a Payroll	422,540	(6,205)	(13,011)	300,277	
110.b Other administrative expenses			137,881		
Revenues					
10 Interest and similar income	49,101,622		235,792		
160 Other income and expenses	383,628	15,873	20,978		
Guarantees issued			2,338,227		

At the end of 2013, the Company had an outstanding guarantee on behalf of a related party (Tecnofin Immobiliare Srl now merged with Patrimonio del Trentino SpA), as outlined in section 3 of Part D - Additional Information, in favour of the lending banks.

Guarantees received

The following lists the guarantees received by the parent company Autonomous Province of Trento.

Secured transactions	Guarantee Type	Guarantee amount	Beneficiary	Guarantee duration
Opening of credit line Euro 97,000,000 - Variable Rate - Expiry 28/02/2014 (extended 30/05/2014)	Guarantee on first demand [1]	Overall maximum amount of Euro 97.4 million, of which Euro 97,000,000 in principal and Euro 400,000 in interest (including default interest which may be payable, expenses, taxes and all other accessories)	Banca Popolare di Sondrio - S.c.p.A.	17/12/2013 - 28/02/2014 extended 30/05/2014
Bond Euro 33,000,000 - Fixed Rate - 4,471% - Expiry 31/12/2013 - ISIN IT 0004980741	Guarantee on first demand [1]	Overall maximum amount of Euro 40 million, of which Euro 33 million in principal and Euro 7 million in interest (including default interest which may be payable and any other reason for credit arising from the bond)	Cassa Depositi e Prestiti S.p.A	09/12/2013 - 31/12/2032
Bond Euro 42 million - Fixed Rate 4.034% - Expiry 31/12/2027 - ISIN IT 0004980667	Guarantee on first demand [1]	Overall maximum amount of Euro 50.5 million, of which Euro 42 million in principal and Euro 8.5 million in interest (including default interest which may be payable and any other reason for credit arising from the bond)	Cassa Depositi e Prestiti S.p.A	09/12/2013 - 31/12/2027
"Cassa del Trentino S.p.A. € 70,000,000 3.745 per cent. Fixed Rate Notes due December 2018 - unconditionally and irrevocably guaranteed by the Autonomous Province of Trento issued under the € 800.000.000 Euro Medium Term Note Programme" - ISIN XS 0966598	Deed of Guarantee [2]	First demand guarantee, irrevocable and unconditional. Principal amount plus interest, including any late payments and in addition to any other amount payable to bondholders in respect of the obligation	Bondholders	30/08/2013 - 31/12/2018
Bond Euro 140 million - Floating Rate - Expiry 31/07/2014 - ISIN IT 0004952971	Guarantee on first demand [1]	Overall maximum amount of Euro 144 million, of which Euro 140 million in principal and Euro 4 million in interest (including default interest which may be payable)	Bondholders	30/07/2013 - 31/07/2014
Bond Euro 155 million - Floating Rate - 31/07/2013 EXPIRED - ISIN IT 0004870959	Guarantee on first demand [1]	Overall maximum amount of Euro 159 million, of which Euro 155 million in principal and Euro 4,000,000 in interest (including default interest which may be payable)	Bondholders	27/11/2012 - 31/07/2013
Opening of simple credit signed between Cassa del Trentino and Cassa Centrale Banca for Euro 80 million	Guarantee on first demand [1]	Overall maximum amount of Euro 84 million, of which Euro 75 million in principal, plus interest (including default interest which may be payable), expenses, liabilities and accessories up to a maximum of Euro 4 million	Cassa Centrale Banca - Credito Cooperativo del Nord Est S.p.A.	28/02/2012 - 26/02/2015
Opening of simple credit signed between Cassa del Trentino and Cassa Centrale Banca (in pool with Mediocredito) to Euro 75 million	Guarantee on first demand [1]	Overall maximum amount of Euro 81 million, of which Euro 80 million in principal, plus interest (including default interest which may be payable), expenses, liabilities and accessories up to a maximum of Euro 6 million	Cassa Centrale Banca - Credito Cooperativo del Nord Est S.p.A.	21/03/2012 - 26/02/2015
Loan Agreement between Cassa del Trentino and the European Investment Bank on the financing of Depuratore Trento Tre for a total amount of Euro 60 million	Independent guarantee on first demand	Overall maximum amount of Euro 69 million, of which no more than Euro 60 million in principal, and maximum Euro 9 million for interest (including any arrears), expenses, liabilities and accessories	European Investment Bank	23/11/2012 - max duration 25 years
Loan Agreement between Cassa del Trentino and the European Investment Bank for the project "Provincia di Trento - Public Infrastructure" out of the Framework Loan BEI ("Financing Framework") for an aggregate amount of Euro 85 million	Independent guarantee on first demand	Overall maximum amount of Euro 97.75 million, of which no more than Euro 85 million in principal, and maximum Euro 12.75 million for interest (including any arrears), expenses, liabilities and accessories	European Investment Bank	23/11/2012 - max duration 20 years
Bond Euro 150 million - Fixed Rate 4.878% - Expiry 31/12/2020 - ISIN IT 0004773732	Guarantee on first demand	Maximum amount of Euro 150 million in principal, plus accrued interest (including default interest and compensation which may be payable for early repayment or default) and any other reason for credit to a maximum of Euro 30 million	Cassa Depositi e Prestiti S.p.A	24/10/2011 - 31/12/2020
"Cassa del Trentino S.p.A. € 150.000.000 3.574 per cent. Fixed Rate Notes due June 2017 - unconditionally and irrevocably guaranteed by the Autonomous Province of Trento issued under the € 500.000.000 Euro Medium Term Note Programme" - ISIN XS 0506263697	Deed of Guarantee [2]	First demand guarantee, irrevocable and unconditional. Principal amount plus interest, including any late payments and in addition to any other amount payable to bondholders on the bonds	Bondholders	29/04/2010 - 30/06/2017
"Cassa del Trentino S.p.A. € 50,000,000 3.414 per cent. Fixed Rate Notes due June 2017 - unconditionally and irrevocably guaranteed by the Autonomous Province of Trento issued under the € 500,000,000 Euro Medium Term Note Programme" - ISIN XS 0557486676	Deed of Guarantee [2]	First demand guarantee, irrevocable and unconditional. Principal amount plus interest, including any late payments and in addition to any other amount payable to bondholders on the bonds	Bondholders	09/11/2010 - 30/06/2027
Cassa del Trentino S.p.A. - Finance company for public bodies - Fixed rate 4.17% - Expiry 2017 IV ; EUR 137.85 million - ISIN IT 0004430622	Recourse assignment [3]	Payment of interest and repayment of principal in favour of the former bondholders	Cassa Depositi e Prestiti S.p.A	13/11/2008 - 31/12/2017
Cassa del Trentino S.p.A. - Finance company for public bodies - Fixed Rate 4.659% - Deadline 2017 III ; Euro 100 million - ISIN IT 0004415599	Recourse assignment [3]	Payment of interest and repayment of principal in favour of the former bondholders	Cassa Depositi e Prestiti S.p.A	09/10/2008 - 31/12/2017
"Cassa del Trentino S.p.A. – Finance company for public bodies - Fixed Rate 5,131% - Deadline 2017 II"; Euro 60,000,000 - ISIN IT 0004377195	Recourse assignment [3]	Payment of interest and repayment of principal in favour of the former bondholders	Cassa Depositi e Prestiti S.p.A	26/06/2008 - 31/12/2017
"Cassa del Trentino S.p.A. – Finance company for public bodies - Fixed Rate 4,282% - Deadline 2017" - Euro 8,950,000 - ISIN IT 0004350507	Recourse assignment [3]	Payment of interest and repayment of principal in favour of the former bondholders	Cassa Depositi e Prestiti S.p.A	03/04/2008 - 31/12/2017
"Cassa del Trentino S.p.A. – Finance company for public bodies - Fixed Rate 4,827% - Deadline 2027" - Euro 74,600,000 - ISIN IT 0004333867	Guarantee under Art. 8bis, paragraph 5bis of LP 13/73	Pledge to perform hedging necessary to satisfy all credit claims (art. 8 of the Regulations of the PO)	Dexia Crediop S.p.A.	05/03/2008 - 31/12/2027
"Cassa del Trentino S.p.A. – Finance company for public bodies - Fixed Rate 4,448% - Deadline 2016"; Euro 43,200,000 - ISIN IT 0004293731	Recourse assignment [3]	Payment of interest and repayment of principal in favour of the former bondholders	Cassa Depositi e Prestiti S.p.A	22/11/2007 - 31/12/2016

NOTE
[1] In accordance with and as a result of the bank guarantee, Provincia Autonoma di Trento guarantees, unconditionally and irrevocably, jointly and severally with the Issuer, the full and punctual fulfillment of obligations
[2] Guarantee governed by English Law
[3] With recourse, in favor of the former bondholders and accounts receivable that the Issuer holds in respect of Provincia Autonoma di Trento. The Province is obligated to pay directly to the first bondholders the amounts due in respect of contributions, within the limits of the latter and the payment schedule. Pursuant to and by effect of the sale, the Issuer is in any case liable to the first bondholders, in the case of failure to pay all or part of the interest and principal by the Province

Guarantees given

At the end of 2013, the Company had in place a guarantee on behalf of a related party (Tecnofin Immobiliare Srl) for Euro 2,338,227, as shown in section 3 of Part D - Additional Information, in favour of the lending banks.

6.4 Management and coordination

The Company belongs to the Group of Provincia Autonoma di Trento, which carries out the management and coordination activity.
Provincia Autonoma di Trento holds 100% of the shares.
In accordance with the provisions of Art. 2497-bis of the Italian Civil Code, the table below gives the essential data of the last approved financial statements of Provincia Autonoma di Trento (2012 report).

DESCRIPTION	REVENUES	EXPENSES
PART I - Assets of the Province		
Own revenue	652,368,140	
Revenue from devolution of central government taxes	6,249,716,118	
Revenue from transfers	662,063,047	
Revenue from loans and borrowings	17,269	
Current expenditure		3,402,049,462
Expenditures Capital Account		3,956,290,556
Cost of Loan Repayment		4,832,383
TOTAL PART I	**7,564,164,574**	**7,363,172,401**
PART II - Special Accounting		
Transfer Items	605,479,334	765,164,539
TOTAL PART II	**605,479,334**	**765,164,539**
OVERALL TOTAL	**8,169,643,908**	**8,128,336,940**

ANNEX 1

Subsidiary Paros S.r.l.: financial statements 31.12.2013

PAROS SRL
SINGLE MEMBER COMPANY
FINANCIAL STATEMENTS AS AT 31/12/2013

Balance sheet - Assets

		2013		2012	
A)	**Amounts due from shareholders**		**0**		**0**
B)	**Intangible fixed assets**				
	I. Intangible fixed assets	521,076		507,645	
	- (Amort./Dep.)	(423,444)	97,632	(342,647)	164,998
	II. Materials	116,192		107,850	
	- (Amort./Dep.)	(52,009)	64,183	(32,977)	74,873
	III. Financial assets		0		0
	Total fixed assets		**161,815**		**239,871**
C)	**Current assets**				
	I. Inventories		0		0
	II. Receivables: Due within 12 months		640,046		480,853
	III. Financial assets not held as fixed assets		0		0
	IV. Liquid assets		917,472		997,102
	Total current assets		**1,557,518**		**1,477,955**
D)	**Accruals and deferrals**		**5,140**		**18,783**
	TOTAL ASSETS		**1,724,473**		**1,736,609**

Balance sheet - Liabilities

		2013	2012
A)	**Shareholders' equity**		
	I. Share capital	10,000	10,000
	II. Share premium reserve	0	0
	III. Revaluation reserves	0	0
	IV. Legal reserve	2,000	2,000
	V Statutory reserves	0	0
	VI. Reserves for own shares held in portfolio	0	0
	VII. Other reserves	1,200,424	709,508
	VIII. Retained earnings (accumulated losses)	0	0
	IX. Profit (loss) for the financial period	41,142	490,917
Total Shareholders' equity		**1,253,566**	**1,212,425**
B)	**Reserves for risks and charges**	**166,548**	**0**
C)	**Employees' severance indemnity**	**36,965**	**36,410**
D)	**Payables: due within 12 months**	**240,271**	**460,651**
	Payables: due over 12 months	**0**	**0**
E)	**Accruals and deferrals**	**27,123**	**27,123**
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,724,473**	**1,736,609**

PAROS SRL
SINGLE MEMBER COMPANY
FINANCIAL STATEMENTS AS AT 31/12/2013

Income statement

	2013		2012	
A) Value of production				
1) Revenues from sales and services	1,665,483		2,012,410	
5) Other revenues and income:				
- miscellaneous	38,443		997	
Total value of production		**1,703,926**		**2,013,407**
B) Cost of production				
6) Raw, ancillary and consumable materials and goods for resale		176,469		133,006
7) Services		245,893		209,220
8) For use of third party assets		164,962		164,299
9) For employees				
a) Wages and salaries	572,329		533,648	
b) Social security contributions	163,875		150,855	
c) Provision for severance indemnity	41,891		42,835	
d) Other personnel costs	96	778,191	312	727,650
10) Amortisation, depreciation and write-downs				
a) Amortisation of intangible fixed assets	80,796		53,979	
b) Depreciation of tangible fixed assets	19,033		16,926	
d) Writedown of current receivables	13,847	113,676	0	70,905
12) Provisions for risks		166,548		
14) Other operating expense		5,413		6,363
Total cost of production		**1,651,152**		**1,311,443**
Difference between value and cost of production (A - B)		**52,774**		**701,964**
C) Financial income and expenses				
16) Other financial income:				
- other		14,583		7,067
17) Interest payable and similar charges:				
- from parent companies	0		-	
- other	4	4		0
Total financial income and expense		**14,579**		**7,067**
E) Extraordinary income and expenses				
20) Income:				
- miscellaneous		**180**		**7,570**
21) Expenses:				
- miscellaneous				**(2,648)**
Total of extraordinary items		**180**		**4,922**
Pre-tax result (A-B+-C+-E)		**67,533**		**713,953**
22) Income taxes on the income of the period				
a) Current taxes	(85,004)		(235,171)	
b) Deferred tax liabilities (assets)	58,613	(26,391)	12,135	(223,036)
23) Profit **for the Year**		**41,142**		**490,917**

ANNEX 2

Merged Tecnofin Trentina S.p.A: financial statements 30.10.13

BALANCE SHEET - ASSETS				30/10/2013	31/12/2012
B)	**NON-CURRENT ASSETS**				
	I	**Intangible non-current assets**			
		1)	Start-up and expansion costs	10,959	14,778
		4)	Concessions, licences, trademarks and similar rights	1,162	2,173
		7)	Other intangible fixed assets	0	3,894
				12,121	**20,845**
	II	**Tangible non-current assets**			
		1)	Land and buildings	7,262,049	8,016,131
		2)	Plants and machinery	27,501	21,153
		4)	Other assets	156,849	162,611
				7,446,399	**8,199,895**
	III	**Financial assets**			
		1)	Investments in:		
			a) subsidiary companies	10,000	10,000
			b) associated companies	22,306,487	106,601,292
			d) other companies	20,640,035	26,708,437
				42,956,522	133,319,729
		2)	Receivables		
		3)	Other investments	0	0
		4)	Treasury stock	0	0
				42,956,522	**133,319,729**
TOTAL NON-CURRENT ASSETS				**50,415,042**	**141,540,469**
C)	**CURRENT ASSETS**				
	II	**Receivables**			
		1)	Due from customers *(within 12 months)*	3,790	17,937
		2)	Due from subsidiary companies *(within 12 months)*	2,088	43,602
		3)	Due from associate companies *(within 12 months)*	0	0
		4)	Due from parent companies *(within 12 months)*	0	253,495
		4bis)	Due to tax authorities *(within 12 months)*	1,147,895	566,818
		4ter)	Deferred taxes *(within 12 months)*	307,056	515,908
		5)	Due from others *(within 12 months)*	48	28,398
				1,460,877	**1,426,158**
	III	**Financial assets not held as**			
		fixed assets			
		4) Other equity investments		2,325	2,325
				2,325	**2,325**
	IV	**Cash on hand and equivalent**			
		1)	Bank and post office current accounts	13,972,935	15,118,121
		3)	Cash on hand	342	140
				13,973,277	**15,118,261**
TOTAL CURRENT ASSETS				**15,436,479**	**16,546,744**
D)	**ACCRUALS AND DEFERRALS**			**243,661**	**384,321**
TOTAL ASSETS				**66,095,182**	**158,471,534**

BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY			30/10/2013	31/12/2012
A)	SHAREHOLDERS' EQUITY			
	I.	Share capital	47,555,650	67,555,650
	II.	Share premium reserve	6,753,045	11,118,400
	III.	Revaluation reserve - Law 02/2009	1,340,256	3,878,328
	IV.	Legal reserve	981,773	1,575,606
	VI.	Reserve for treasury stock	0	0
	VII.	Other reserves	630,060	8,900,000
	IX.	Net income for the Year	2,927,795	816,235
	TOTAL SHAREHOLDERS' EQUITY		60,188,579	93,844,219
C)	EMPLOYEE SEVERANCE INDEMNITIES (TFR)		332,401	312,142
D)	PAYABLES			
	1)	Bonds (Over 12 months)		50,000,000
	3)	Due to shareholders for loans (Over 12 months)	5,000,000	5,000,000
	7)	Amounts due to suppliers (within 12 months)	15,129	43,704
	11)	Amounts due to suppliers (within 12 months)	0	6,043,224
	12)	Due to tax authorities (within 12 months)	18,767	2,411,650
	13)	Due to social security and welfare institutions (within 12 months)	13,660	70,696
	14)	Other payables (within 12 months)	486,312	117,510
	TOTAL PAYABLES		5,533,868	63,686,784
E)	ACCRUALS AND DEFERRALS		40,334	628,389
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			66,095,182	158,471,534
Memorandum accounts				
2)	Commitments			
	- Guarantees given to subsidiaries		2,388,227	2,942,144
TOTAL MEMORANDUM ACCOUNTS			2,388,227	2,942,144

INCOME STATEMENT				PERIOD 30.10.2013		FINANCIAL YEAR 2012	
A)	**VALUE OF PRODUCTION**						
	1)	Sales of goods and services			49,808		106,619
	5)	Other revenues and income:					
		-	miscellaneous		170,442		249,391
	TOTAL VALUE OF PRODUCTION				**220,250**		**356,010**
B)	**PRODUCTION COSTS**						
	6)	For raw, ancillary and consumable materials and goods for sale			3,417		5,833
	7)	For services			414,626		594,987
	8)	Use of third party assets			6,632		7,697
	9)	Payroll and related costs					
		a)	Wages and salaries	559,333		683,077	
		b)	Social security contibutions	176,836		206,399	
		c)	Employee severance indemnity (TFR)	36,930		50,930	
		e)	Other costs	1,630	774,729	3,044	943,450
	10)	Amortisation, depreciation and write-downs					
		a)	Amortisation of intangible fixed assets	5,280		7,517	
		b)	Depreciation of tangible fixed assets	118,435		159,552	
		c) Provi:	Other write-downs of fixed assets	649,575	773,290	0	167,069
	14)	Sundry operating expense			95,606		135,922
	TOTAL PRODUCTION COSTS				**2,068,300**		**1,854,958**
	DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)				**(1,848,050)**		**(1,498,948)**
C)	**FINANCIAL INCOME AND EXPENSES**						
	15)	Income from equity investments					
		- from subsidiary companies		0		539,474	
		- from associated companies		5,514,976		5,600,062	
		- other		845,001	6,359,977	805,123	6,944,659
	16)	Other financial income					
		a)	From receivables held among fixed assets				
			- from subsidiary companies	0		0	
			- from associated companies	0		0	
		b)	From securities held among fixed assets	14,168		28,478	
		d)	Income other than the above				
			- other	305,083	319,251	514,942	543,420
	17)	Interest and other financial expense					
		-	Other		1,616,479		1,850,001
	TOTAL FINANCIAL INCOME AND EXPENSE				**5,062,749**		**5,638,078**
D)	**VALUE ADJUSTMENTS TO FINANCIAL FIXED ASSETS**						
	19)	Write-downs					
		a)	of equity investments	0		1,008,614	
		b)	of financial fixed assets	0	0	0	1,008,614
	TOTAL VALUE ADJUSTMENTS TO FINANCIAL FIXED ASSETS				**0**		**(1,008,614)**
E)	**EXTRAORDINARY INCOME AND EXPENSE**						
	20)	Proceeds					
		- miscellaneous			14,631		52,015
	21)	Charges					
		- miscellaneous			1,531		1,159
	TOTAL EXTRAORDINARY ITEMS				**13,100**		**50,856**
PRE-TAX RESULT (A-B+-C+-D+-E)					**3,227,799**		**3,181,372**
	22)	income tax			(472,802)		(2,396,944)
		b)	Deferred tax assets (liabilities)		172,798		31,807
	23)	**Net income for the Year**			**2,927,795**		**816,235**

ANNEX 3

Reconciliation of the financial statements 10/30/2013 prepared by merged company Tecnofin Trentina S.p.A pursuant to the OIC national accounting standards and balances converged in the financial statements of Cassa del Trentino S.p.A prepared in accordance with IAS / IFR:

IV EEC DIRECTIVE			RECLASSIFICATIONS	ADJUSTMENTS				BANK OF ITALY INSTRUCTIONS 21.01.2014		
ITEM	DESCRIPTION	BALANCE 30.10.2013		IAS 39	IAS 39 (OPI 9)	IAS 28	OTHER	ITEM	DESCRIPTION	BALANCE 31.10.13
C IV) 3	Cash on hand	342	-	-	-	-	-	10	Cash and cash equivalents	342
C III) 4	Investments in other companies	2,325	39,631,281	2,364,196	-	-	-	40	Financial assets available for sale	41,997,802
C IV) 1	Bank and post office current accounts	13,972,935	176,242	-	-	-	610,558	60	Receivables	14,759,735
B III)	Financial non-current assets	42,956,522	- 39,807,523	-	-	3,001,439	-	90	Equity investments	6,150,438
B I)	Intangible non-current assets	12,121	-	-	-	-	- 10,959	100	Tangible assets	1,162
B II)	Tangible non-current assets	7,446,399	-	-	-	-	-	110	Intangible assets	7,446,399
								120	Tax assets	
C II) 4 bis	Amounts due from the tax authorities	1,147,895	-	-	-	-	- 6,629		a) current	1,141,266
C II) 4 ter	Taxes paid in advance	307,056	-	193,751	-	-	3,474		b) deferred	504,281
C II) 1	Trade accounts	3,790	-	-	-	-	-			
C II) 2	Amounts due from subsidiary companies	2,088	-	-	-	-	-			
C II) 5	Amounts due from third parties	48	-	-	-	-	-			
D)	Accruals and deferrals	243,661	-	-	-	-	-			
	Sub-total	*249,587*	-	-	-	-	-	140	Other assets	249,587
	TOTAL ASSETS	**66,095,182**	**0**	**2,557,947**	**0**	**3,001,439**	**596,444**		**TOTAL ASSETS**	**72,251,013**
D 3)	Amounts due to shareholders for loans	5,000,000			- 4,037,221			10	Payables	962,779
								70	Tax liabilities	
D 12)	Amounts due to the tax authorities	18,767							a) current	18,767
			-	*388,985*	*1,641,562*	*167,331*	*193,547*		b) deferred	2,391,425
D 7)	Trade accounts	15,129						100		
D 13)	Due to social security and welfare institutions	13,660								
D14)	Other payables	486,312								
E)	Accruals and deferrals	40,334								
	Sub-total	*555,435*	-	-	-	-	-	90	Other liabilities	555,435
C)	Employee severance indemnity (TFR)	332,401	-	-	-	-	-	100	Employee severance indemnity (TFR)	332,401
A) I	Share capital	47,555,650	-		-	-	-	120	Share capital	47,555,650
A) II	Share premium reserve	6,753,045	-	-	-	-	-	150	Share premium reserve	6,753,045
A) IV	Legal reserve	981,773								
A) VII	Other reserves	630,060								
A) IX	Net income for the Year	2,927,795								
	Sub-total	*4,539,628*	-	-	*2,395,659*	*2,834,108*	*402,897*	160	Reserves	10,172,292
A) III	Revaluation reserve - Law 02/2009	1,340,256								
	Sub-total	*1,340,256*	-	*2,168,962*	-	-	-	170	Valuation reserves	3,509,218
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**66,095,182**	**0**	**2,557,947**	**0**	**3,001,439**	**596,444**		**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**72,251,012**

CONCLUSIONS

These financial statements provide a true and fair representation of the shareholders' equity and financial position and the period economic result and they coincide with the accounting entries.

Trento, 11 June 2014

The Board of Directors

The Chairman

- Prof. Gianfranco Cerea -

RESOLUTIONS OF THE ORDINARY SHAREHOLDERS’ ASSEMBLY

Extract from the Minutes of the Ordinary Shareholders of the Cassa del Trentino S.p.A. 14 July 2014.

OMISSION

The Shareholders' Meeting resolves to approve the financial statements for 2013, which shows a net profit of Euro 5,161,466.

The President then put to a vote the proposal to distribute a dividend of Euro 0.086 per share, to be placed in payment by 30 November 2014 and the following proposal for the appropriation of net income:

-	5 % to the Legal Reserve	Euro	258,073
-	dividend to the shareholder: Euro 0.086 per share for the 52,555,650 shares outstanding	Euro	4,519,786
-	to the Extraordinary Reserve	Euro	366,834
-	to the Restricted Reserve pursuant to Art. 7 Leg. Decree 38/2005	Euro	16,773

OMISSION

The Shareholders' Meeting resolves to approve the proposed allocation of net income, as depicted above.

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 DATED 27 JANUARY 2010

To the Shareholders of
Cassa del Trentino SpA

1 We have audited the financial statements of Cassa del Trentino SpA as of 31 December 2013 which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Cassa del Trentino SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the first time in compliance with the International Financial Reporting Standards as adopted by the European Union.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 8 April 2013.

3 In our opinion, the financial statements of Cassa del Trentino SpA as of 31 December 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Cassa del Trentino SpA for the year than ended.

4 The Company, as required by law, has included in the notes to the financial statements the key figures of the latest financial statements of the entity which directs and co-ordinates its activities. Our opinion on the financial statements of Cassa del Trentino SpA does not extend to those figures.

PricewaterhouseCoopers SpA

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5 During 2013 the parent company Centro tecnico-finanziario per lo sviluppo economico della Provincia di Trento – Tecnofin Trentina SpA was merged into Cassa del Trentino SpA. The effects of the merger are illustrated in the notes to the financial statements, in the section 'Merger with Tecnofin Trentina SpA'.

Padua, 26 June 2014

PricewaterhouseCoopers SpA

Signed by
Alessandra Mingozzi
(Partner)

The relevant paragraphs of the original report (which was issued in Italian) have been translated into the English language solely for the convenience of international readers.

More in detail, we have omitted to translate the paragraph 6 of the original report concerning the consistency of the report on operations with the financial statements, due to the fact that the translation of the report on operations has not been required.