



BANCA SELLA HOLDING

GRUPPO BANCA SELLA

ANNUAL REPORT

2007

121st FINANCIAL YEAR

(FORMER SELLA HOLDING BANCA)

Joint Stock Company
Head Office in Biella – Share Capital and Reserves € 448.757.834
Member of the Deposit Guarantee Scheme
Registered on the Banks and Banking Groups Roll
Tax and VAT number 01709430027

13900 Biella (Italy) – via Italia, 2
Tel. 015.35011 – Telefax 015.351767 – Swift SELB IT 22
Web site www.gruppobancasella.it

Insert: photographs from the Fondazione Sella archive

Vittorio Sella, *A crevasse on the Gabelhorn glacier*, August 1, 1887

Vittorio Sella, *Mischabelhörner seen from the North summit of Alphubel*, August 3, 1887

Vittorio Sella, *Lower summit of Monte Rosa in the direction of Macugnaga from the summit of Dufourspitze*, August 11, 1887

Vittorio Sella, *Cervino and Monte Rosa seen from somewhere near the Colle delle Grandes Murailles*, September 18, 1887

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BOARD OF DIRECTORS

Appointed up to the approval of the 2009 financial statements

Chairman	* Maurizio Sella
Vice Chairman	* Lodovico Sella
“	* Franco Sella
CEO and General Manager	* Pietro Sella
Director	Mario Cattaneo
“	Mario Renzo Deaglio
“	Pier Vittorio Magnani
“	Enzo Panico
“	Giovanni Rosso
“	Marco Scarzella
“	* Federico Sella
“	* Sebastiano Sella
“	Vittorio Sella
“	Marco Weigmann
“	Giovanni Zanetti

* Member of the Executive Committee

BOARD OF STATUTORY AUDITORS

Appointed up to the approval of the 2008 financial statements

Auditor - Chairman	Alessandro Rayneri
“	Paolo Piccatti
“	Alberto Rizzo
Supplementary Auditor	Mario Pia
“ “	Riccardo Foglia Taverna

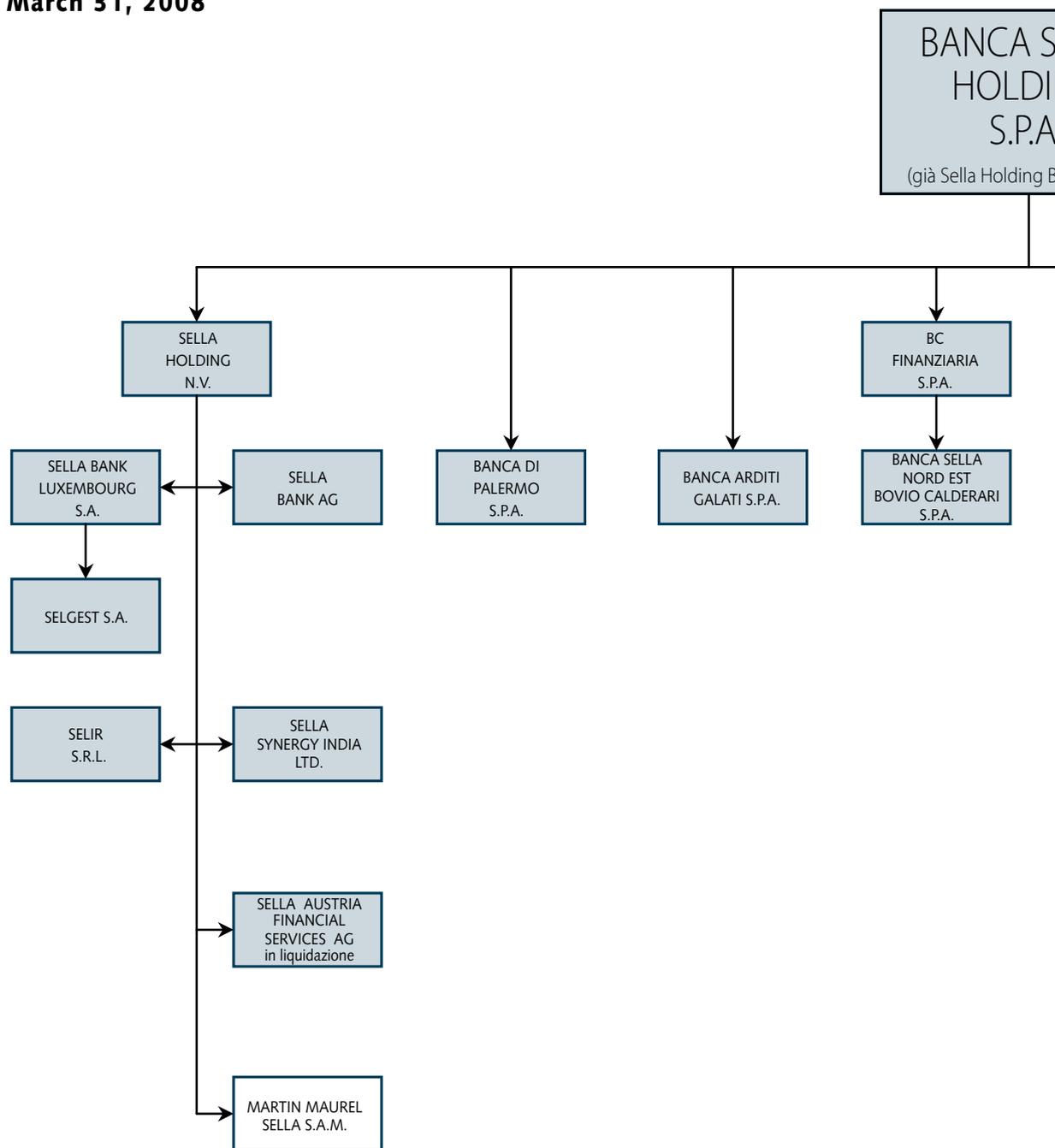
AUDIT COMMITTEE

Chairman	Marco Weigmann
	Mario Cattaneo
	Giovanni Zanetti



CHART OF GRUPPO BANCA SELLA

as at March 31, 2008

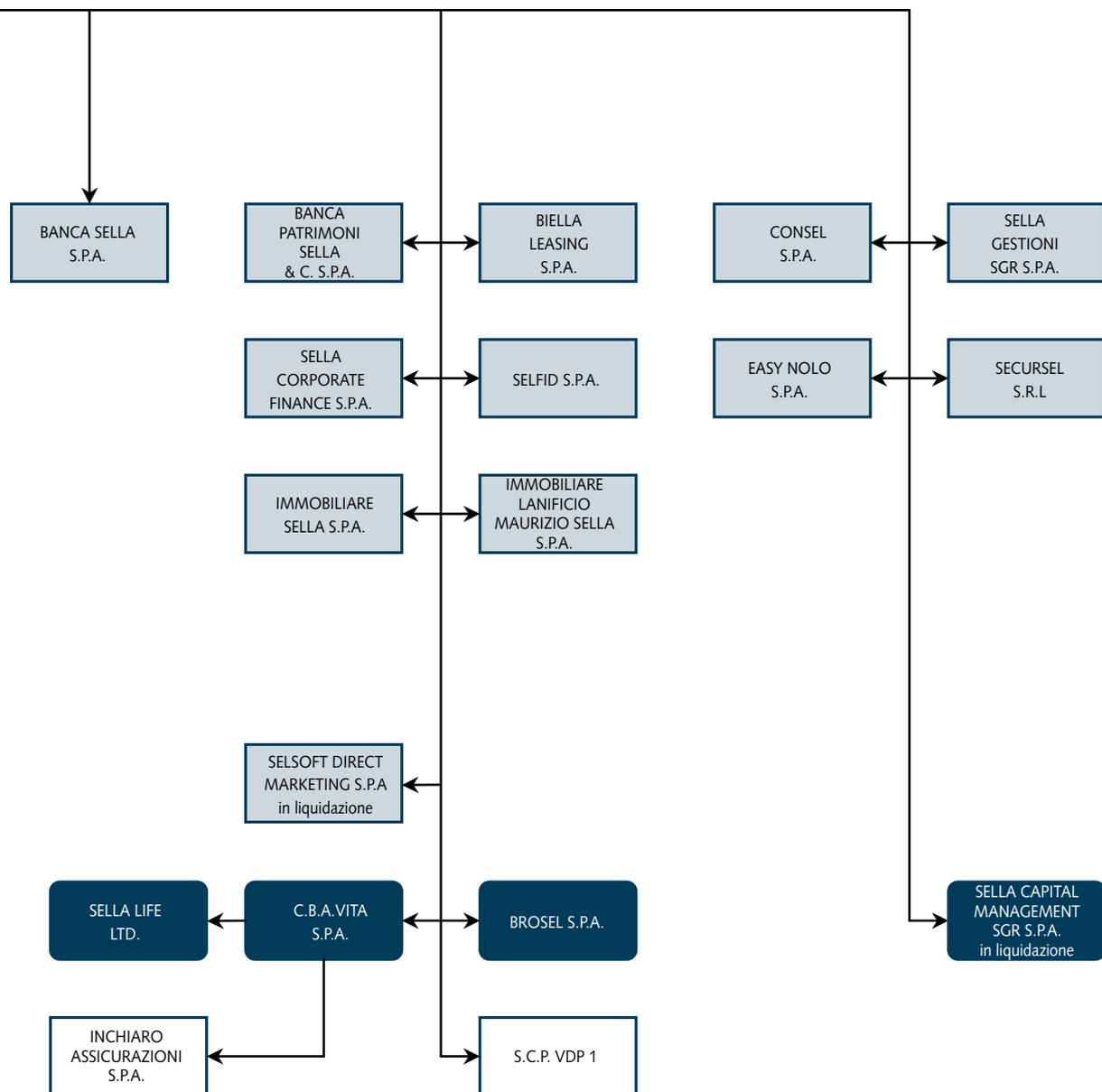


 Società collegate

 Società controllate ma non inserite nel perimetro del Gruppo Banca Sella



SELLA
NG
Banca S.p.A.)



TERRITORIAL ORGANIZATION OF GRUPPO BANCA SELLA (April 2008)

SELLA HOLDING BANCA S.p.A.
Head Office
13900 BIELLA, Via Italia 2
Tel. 015 35011 - Fax 015 2433900
Swift SELB IT 22
Web site: www.gruppobancasella.it

ITALIAN DISTRIBUTION NETWORK

Piemonte

BIELLA - SEDE	Via Italia 2	015/3500
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FOREIGN DISTRIBUTION NETWORK

Luxembourg

SELLA BANK LUXEMBOURG	Boulevard Royal 4	00352 26 860
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United States of America

MIAMI, Florida	801 Brickell Avenue suite 1970	001 (305) 5391000
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Venezuela

CARACAS	Rapresentative Office Avenido Francisco de Miranda Centro Lido, Torre Oficina 740 A. El Rosal	0058 (2) 9522345
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BANKS OF THE GROUP

BANCA SELLA S.p.A.
Head Office
13900 BIELLA, Via Italia 2
Tel. 015 35011 - Fax 015 2433900
Swift SELB IT 2B - Telegr. Banca Sella
Web site: www.sella.it

Regione Piemonte

ACQUI TERME (AL)	Via Marconi 15/17/19	0144 325077
ALBA (CN)	Piazza Cristo Re 12	0173 284244
ALBA (CN) Private Banking	Piazza Cristo Re 12	0173 281221



ALESSANDRIA	Via Migliara 5	0131 68154
ALESSANDRIA Private Banking	Via Milano 21	0131 254458
ALPIGNANO (TO)	Via Mazzini 33	011 9664431
ANDORNO MICCA (BI)	Via Cavalieri di Vittorio Veneto 77	015 2475211
AVIGLIANA (TO)	Corso Torino 37/39/43	011 9312925
BANCHETTE (TO)	Via Castellamonte 3	0125 612766
BEINASCO (TO)	Strada Torino 104	011 3499873
BIELLA Borsino	Via Italia 2	015 23291
BIELLA Sede	Via Italia 2	015 35011
BIELLA Private Banking	Via Matteotti 7	015 3500263
BIELLA 1	Via Lamarmora 18	015 28669
BIELLA 2	Piazza Martiri della Libertà 8	015 355459
BIELLA 3	Piazza Adua 12	015 8408192
BIELLA 4	Via Milano 53	015 355237
BIELLA 5	Via Fratelli Rosselli 108	015 8408205
BIELLA 6	Via Pettinengo 22	015 562676
BIELLA 7	Via Torino 53	015 406287
BIELLA 8	Via Tripoli 33 ang. Via Galimberti	015 403149
BIELLA Large Private	Via Matteotti 7	015 3500528
BORGARO TORINESE (TO)	Via Gramsci 2	011 4500276
BORGO S. DALMAZZO (CN)	Via Boves 17/D	0171 261947
BORGOMANERO (NO)	Corso Garibaldi 106	0322 835920
BORGOSIESA (VC)	P.zza Mazzini 5 (ang. Via G.B. d. Bianca)	0163 200379
BRA (CN)	Via Verdi 15	0172 432158
BRUSNENGO (BI)	Piazza Ubertalli 12	015 985476
BUSSOLENO (BI)	Via Torino 29	0122 640466
CALUSO (TO)	Via Bettoia 61	011 9831684
CANDELO (BI)	Piazza Castello 17/18	015 2536815
CARIGNANO (TO)	Via Umberto I 27	011 9697115
CARMAGNOLA (TO)	Corso Matteotti 6/8 ang. Via Chiffi	011 9713077
CASALE MONFERRATO (AL)	Via Saffi 33	0142 454133
CASTELLAMONTE (TO)	Via P. Educ 48	0124 513185
CASTIGLIONE TORINESE (TO)	Piazza Vittorio Veneto 1	011 9818393
CAVAGLIÀ (BI)	Via Rondolino 1	0161 96397
CHIAVERANO (TO)	Corso Centrale 67	0125 54375
CHIERI (TO)	Via Vittorio Emanuele 44	011 9412210
CHIUSA DI SAN MICHELE (TO)	Via General Cantore 2	011 9643332
CHIVASSO (TO)	Via Italia 2	011 9172939
CIGLIANO (BI)	Via Umberto I angolo Via Gramsci	0161 423046
CIRIE SAN CIRIACO (TO)	Via Andrea D'Oria 14/10	011 9211265
COLLEGNO (TO)	Via Primo Levi 1	011 4151680
COSSATO (BI) Sede	Piazza Cavour 8	015 980165
COSSATO (BI) Private Banking	Piazza Cavour 8	015 980165
COSSATO 1 (BI)	Via Martiri Libertà 177	015 983259
COSSATO 2 (BI)	Via Marconi 76	015 9840067
CRESCENTINO (VC)	Corso Roma 66/68	0161 834560
CUNEO	Via XXVIII Aprile 15/17	0171 697780
CUORGNE' (TO)	Via Torino 3	0124 650434
FAVRIA (TO)	Via Caporal Cattaneo 52	0124 348885
FOSSANO (CN)	Via Cavour 41	0172 633042
GAGLIANICO (BI)	Via Gramsci 75	015 2543541
GATTINARA (VC)	Viale Marconi 60	0163 834464
GIAVENO (TO)	Via Roma 15	011 9364122
GRUGLIASCO (TO)	Via Spanna 3	011 784697
IVREA (TO) Sede	Corso Nigra 1	0125 45847
IVREA 1 (TO)	Corso Vercelli 124	0125 616821
IVREA (TO) Private Banking	Via Cavour 9	0125 627083
LANZO TORINESE (TO)	Via XI Settembre 4	0123 324100
LESSONA (BI)	Piazza Gaudenzio Sella 1	015 981949
MONCALIERI (TO)	P.zza Caduti per la Libertà e l'Indip. 6	011 6406892
MONGRANDO (BI)	Via Roma 20	015 666261
MONTANARO (TO)	Via Matteotti 8	011 9193093

NICHELINO (TO)	Piazza Camandona 25/27	011 6274438
NONE (TO)	Piazza Vigo 1A	011 9904045
NOVARA	Corso Torino 35/37	0321 466611
OCCHIEPPO INFERIORE (BI)	Via Martiri della Libertà 18/A	015 2593686
OULX (TO)	C.so Torino 5	0122830846
ORBASSANO (TO)	Via Roma 27	011 9031751
OVADA (AL)	Piazza Garibaldi 8	0143 833128
PIANEZZA (TO)	Via Giolitti 7	011 9663741
PINEROLO (TO)	Corso Torino 63/B	0121 321787
POCAPAGLIA (CN)	Strada Macellai 53	0172 423669
POLLONE (BI)	Via Caduti per la Patria 24	015 61591
PONDERANO (BI)	piazza Garibaldi 1	015 2544330
PONT CANAVESE (TO)	Via Roscio 5	0124 860025
PONZONE (BI)	Piazza XXV Aprile	015 777046
RIVAROLO CANAVESE (TO)	Corso Torino 54/56	0124 29919
RIVOLI (TO)	Piazza Martiri Libertà 2	011 9580608
RIVOLI (TO) Private Banking	Piazza Martiri Libertà 2	011 9534694
RIVOLI - CASCINE VICA (TO)	Corso Francia 201/B	011 9574364
ROMANO CANAVESE (TO)	Viale Marconi 34	0125 712341
RONCO BIELLESE (BI)	Via Roma 1	015 8462002
ROSTA (TO)	Via Rivoli 63	011 9541241
SALUSSOLA (BI)	Via Martiri della Libertà 45	0161 997243
SAN CARLO CANAVESE (TO)	Strada Ciriè 73	011 9214820
SAN FRANCESCO al C. (TO)	Via Torino 190	011 9276848
SAN GERMANO CHISONE (TO)	Piazzetta dell'Orso 4	0121 58577
SAN MAURO TORINESE (TO)	Piazza Mochino 12	011 8222136
SANDIGLIANO (BI)	Via Maroio 7	015 2493200
SANGANO (TO)	Via Bert 11	011 9085858
SANTHIÀ (BI)	Corso Beato Ignazio 2	0161 930445
SAVIGLIANO (CN)	Piazza del Popolo 25	0172 33961
SETTIMO TORINESE Sede (TO)	Via Italia 18/B	011 8978181
SETTIMO TORINESE 1 (TO)	Via Regio Parco 2	011 8952119
SUSA (TO)	Corso Inghilterra 46	0122 629690
TOLLEGNO (BI)	Via XX Settembre 6/8	015 421523
TORINO - Sede	Piazza Castello 127	011 5620738
AREA Imprese Private B. (TO)	Piazza Castello 125	011 5668111
TORINO 1	Corso Francia 185	011 752646
TORINO 2	Corso Alcide De Gasperi 46	011 597533
TORINO 3	Via San Donato 34/36	011 4373471
TORINO 4	Corso Giulio Cesare 56 Bis	011 2487848
TORINO 5	Corso Monte Cucco 59	011 3850305
TORINO 6	Via Bologna 242	011 2424063
TORINO 7	Corso Sommeiller 25	011 593983
TORINO 8	Corso Orbassano 193	011 352108
TORINO 9	Corso Matteotti 47	011 5612608
TORINO 10	Corso Vittorio Emanuele II 12	011 885039
TORINO 11	Corso San Maurizio 47	011 888156
TORINO 12	Piazza Giosuè Carducci 122/C	011 6631636
TORINO 13	Corso Traiano 82/A	011 610128
TORINO 14	Corso Racconigi 16	011 745726
TORINO 15	Corso Stati Uniti 5	011 5612213
TORINO 16	Via Andrea Doria 8	011 5611467
TORINO 17	Via Nicomede Bianchi 42/E	011 7410975
TORINO 18	Piazza Adriano 5/H	011 4330233
TORINO 19	Corso Vercelli 168	011 2051735
TORINO 20	Via Nizza 348	011 6634404
TORINO 21 Private	Piazza Carignano 2/4	011 5619883
TORINO 22	Corso Belgio 107	011 8980265
TORRAZZA PIEMONTE (TO)	Via Mazzini 23	011 9180028
TORTONA (AL)	Corso Montebello 19/C	0131 813944
TRINO VERCELLESE (VC)	Corso Cavour 34/38	0161 828031

TROFARELLO (TO)	Via Torino 84	011 6490924
VALDENGO (BI)	Via Quintino Sella 28	015 882165
VALEMOSSO (BI)	Via Bartolomeo Sella 1	015 702935
VENARIA REALE (TO)	Viale Buridani 6 ang. Corso Marconi	011 4593789
VERCELLI Sede	Piazza Risorgimento 23	0161 255600
VERCELLI 1	Via Paggi 29	0161 211585
VERCELLI 2	Via Castelnuovo delle Lanze 2/4	0161 211397
VERCELLI Private Banking	Viale Garibaldi 51	0161 215853
VERGNASCO (BI)	Via Papa Giovanni XXIII 50	015 2583012
VERRONE (BI)	Via Zumaglini 23	015 2558286
VIGLIANO BIELLESE (BI)	Via Milano 163	015 811954
VIVERONE (BI)	Via Provinciale 32	0161 987392
VOLPIANO (TO)	Via Umberto I 11/13	011 9951480
WEBSSELLA.IT	Via Milano 1	015 84617208

Regione Valle d'Aosta

AOSTA	Via Festaz 3	0165 235465
AOSTA 1	Via Monte Grivola 33	0165 553431
AOSTA 2 Private Banking	Via Ribitel 16	0165 230265
AOSTA Private Banking	Piazza Narbonne 16	0165 230290
CHATILLON (AO)	Località Soleil 8	0166 563086
PONT SAINT MARTIN (AO)	Via Circonvallazione 15/A	0125 806121
VERRES (AO)	Via Caduti per la Libertà 13	0125 929079

Regione Lombardia

BRESCIA	Corso Palestro 40	030 280268
MILANO Sede	Via Parmigianino 15	02 4815348
MILANO 1	Via Bergognone 27	02 58107132
MILANO 2	Via Vincenzo Monti 33	02 4691540
MILANO 3	Via Gonzaga 3	02 72003420
MILANO Private Banking	Via Gonzaga 5	02 8900935
MILANO 4	Via Monte Nero 71	02 5517360
MILANO 5	Viale Piave 4	02 76017137
MILANO 6	Viale Corsica 42	02 7388789
MILANO 7	Piazzale Loreto 1 (ang. V.A. Doria)	02 67020286
MONZA (MI)	Via Borgazzi 13	039 326337
PAVIA	Viale Matteotti 14	0382 304944
RHO (MI)	Via dei Martiri 23	02 9307604
SARONNO (MI)	Via Manzoni, 35 ang. Via Parini	02 96280192
SARONNO Private Banking	c/o succ. Saronno Via Manzoni, 35	02 96280192
SESTO SAN GIOVANNI (MI)	Via Falck 5	02 2409386
VIGEVANO (PV)	Via Roma 4	0381 70129
VIGEVANO (PV) Private Banking	Via Roma 4	0381 70267

Regione Liguria

BORDIGHERA (IM)	Corso Italia 48	0184 260433
CHIAVARI (GE)	Piazza Mazzini 10	0185 303027
CHIAVARI (GE) Private Banking	Via San Giovanni 4/2	0185 362781
GENOVA	Salita Santa Caterina 4	010 5957514
GENOVA 1 BOLZANETO	Via P. Pastorino 70	010 7411093
GENOVA 2	Via Freschi 21R	010 5956324
GENOVA Private Banking	Salita Santa Caterina 4	010 5955125
IMPERIA	Piazza Rossini 10	0183 767701
SANREMO (IM)	Via Escoffier 11	0184 544612
SANREMO Private Banking (IM)	Via Gioberti 17	0184 544612

Regione Emilia Romagna

BOLOGNA	Via Clavature 9 E/F	051 264705
BOLOGNA Private Banking	Via dei Musei 4	051 264241

BOLOGNA 1	Via Rolli 4/A	051 323965
BOLOGNA 2	Via Massarenti 416	051 6014226
CASALECCHIO DI RENO (BO)	Via Bazzanese 51/3	051 6133359
CASTELFRANCO EMILIA	Via Circondaria Sud 87/93	059 958149
CAVEZZO	Piazza Martiri della Libertà 4	053 558297
FERRARA	Via Baluardi 29	0532 760538
FERRARA Private Banking	Via Baluardi 29	0532 760538
FORMIGINE	Via Mazzini 88	059 574762
MODENA	Via Giardini 436	059 340498
MODENA 1	Via Emilia Est 119	059 238558
MODENA 2	Strada Morane 298	059 444188
MODENA 3	Strada Nazionale per Carpi 126	059 330920
SASSUOLO (MO)	Viale Regina Pacis 1	0536 800847
SERRAMAZZONI	Via Roma 146	059 6957162
VIGNOLA (MO)	Via della Resistenza 170	059 760181

Regione Toscana

AREZZO	Via XXV Aprile 14/A	057 5302913
FIRENZE	Via Cavour 74/R	055 291074
FIRENZE 1	Viale Redi 59/61	055 3245118
FIRENZE 2	Viale dei Mille 7/9	055 5535105
GROSSETO	Viale Europa 10	0564 458787
SIENA	Strada di Pescaia 54/56	057 7274908

Regione Lazio

LATINA	Via Carturan 40	0773 660756
ROMA Sede	Piazza Poli 38/41	06 69942140
ROMA 1	Via Zamboni 22-24-26-28	06 55382059
ROMA 2	Via Romeo Rodriguez Pereira 194	06 35496149
ROMA 3	Via Angelo Emo 91	06 39732180
ROMA 4	Via di Vigna Stelluti 22/26	06 3297514
ROMA 5	P.zza San Giovanni di Dio 14 A/B 15	06 5373935
ROMA 6	Via Gallia 83	06 7001539
ROMA 7	Viale Jonio 334/340	06 8183631
ROMA 8	Via Latina angolo Via Numanzia 23	06 7807036
ROMA 9	Piazza della Stazione Vecchia 5	06 56305106
ROMA 10	Via Bertoloni 9/11	06 8073838
ROMA Private Banking	Via Bertoloni 9/11	06 8078484
ROMA 11	Via Tiburtina 447/449	06 4394793
ROMA 12	Piazza Sant'Emerenziana 13/14/15	06 8605085
ROMA 13	Via dei Gracchi 142/144	06 3214534
ROMA 14	Via Baldovinetti 132	06 5191612

Regione Marche

ASCOLI PICENO	Via Napoli 114/A	0736 45688
SAN BENEDETTO DEL TRONTO	Piazza Enzo Tortora 7	0735 84639

Regione Campania

BENEVENTO	Viale Mellusi 125	082 4312043
NAPOLI	Via dei Mille 34/36/38	081 410349
NAPOLI 1 - VOMERO	Via Alvino 63	081 3721374
NOCERA INFERIORE (SA)	Via Barbarulo 110	081 5176612
S. MARCO EVANGELISATA (CE)	S.S. 265 - km 26,200	0832 408999
SALERNO	Viale G. Verdi 1	089 3867848
SORRENTO (NA)	Piazza Angelina Lauro 35	081 8773847

Regione Sardegna

CAGLIARI	Viale Bonaria 27	070 667931
NUORO	Piazza Sebastiano Satta 1	0784 37781
OLBIA	Via Aldo Moro 251	0789 598260
OLBIA Private Banking	c/o succ. Olbia Via Aldo Moro 251	0789 598260
SASSARI	Via Roma 11/a	079 232383

BANCA ARDITI GALATI S.P.A.

Head Office
LECCE - Viale Marconi 45
Tel. 0832 6981 - Fax 0832 698267
Codice SWIFT BRDGIT33 - Telex 860813 BARGAL
Web site: www.bag.it

Regione Molise

CAMPOBASSO	Via IV Novembre 135	0874 60655
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Regione Campania

AVELLINO	Corso Europa 8/G	0825 784220
BATTIPAGLIA (SA)	Via Paolo Baratta 26	0828 305260
CAVA DE' TIRRENI (SA)	Corso Mazzini 227	089 468550
GIFFONI VALLE PIANA (SA)	Piazza Umberto I 31/33	089 868309
GROTTAMINARDA (AV)	Via A. Manzoni 63	0825 429193
MONTECORVINO PUGL. (SA)	SS. 18 - Bivio Pratole	0828 51031
SALERNO	Via G. Cuomo	089 253590

Regione Puglia

ANDRANO (LE)	Via Michelangelo 42	08036 926094
ANDRIA (BA)	Viale Venezia Giulia 3	0883 596111
BARI	Via Calefati 131	080 5234545
BARI 2	Via Tommaso Fiore 106	080 5722890
BARLETTA (BA)	Via De Nittis 43	0883 518000
BRINDISI	Viale A. Moro 8	0831 516227
CASTRÌ (LE)	Via C. Battisti 23	0832 826309
CASTRIGNANO (LE)	Via Grassi 7	0833 751008
FASANO (BR)	Piazza Kennedy 3	080 4425778
FOGGIA	Piazza Pavoncelli 2	0881 587843
GALLIPOLI (LE)	Corso Roma 123	0833 263785
LECCE	Viale Marconi 45	0832 6981
LECCE 2	Via Lupiae 29 ang Via Fornari	0832 312471
LECCE 3	Viale De Pietro 61	0832 277727
LECCE 4	Via San Cesareo 106	0832 220041
LECCE Private Banking	Viale Marconi 45	0832 6981
MAGLIE (LE)	Via V. Emanuele 124/B	0836 428008
MANDURIA (TA)	Viale Mancini 21	099 9738744
MARTINA FRANCA (TA)	Viale Leone XXXIII 2b	080 4838617
MOLFETTA (BA)	Piazza Garibaldi 7	080 3976420
NOCIGLIA (LE)	Via Oberdan 35	0836 936014
OSTUNI (BR)	Via Fogazzaro 74	0831 336656
PRESICCE (LE)	Via Roma 68	0833 726004
PUTIGNANO (BA)	Via N. Bixio 10/12	080 4059120
SALVE (LE)	Via Roma 192	0833 741001
SAN MICHELE SALENTINO (BR)	Via Vittorio Veneto 6	0831 966962
SPONGANO (LE)	Via Sant'Angelo 7	0836 945026
TRANI (BA)	Via A. Moro 60/62	0883 480531
TRICASE 07 (LE)	Via Leone XIII° 12	0833 545026
TARANTO	Via Solito 32	099 7302463

BANCA SELLA NORD EST - BOVIO CALDERARI S.p.A.

Head Office

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Telex 400560 CABANK 1

Web site: www.bbcbank.it

Regione Trentino Alto Adige

BOLZANO 1	Via Leonardo da Vinci 4	0471 324354
BOLZANO 2	Via Milano 63	0471 204999
BOLZANO CENTRUM	Via Galvani 3	0471 539408
BOLZANO SEDE	Via Duca d'Aosta 49	0471 285544
BORGO VALSUGANA (TN)	Largo Dordi 1	0461 751233
CAMPITELLO (TN)	Via Pent de Sera 5	0462 751090
CLES (TN)	Via Trento 22	0463 424388
COGOLO DI PEIO	Via Roma 18	0463 746061
DIMARO (TN)	Via Campiglio 138	0463 970104
LAVIS (TN)	Via Matteotti 26	0461 242300
MERANO (BZ)	Via Portici 228	0473 239070
PEJO (TN)	Frazione Cogolo Via Roma 18	0463 746061
RAVINA (TN)	Via delle Masere 37	0461 922022
ROVERETO (TN)	C.so Rosmini ang. Via Paoli	0464 430030
TRENTO CORSO	Via Perini 18	0461 931914
TRENTO SEDE	Via Oss Mazzurana 63	0461 888111
TRENTO Private Banking	Via Oss Mazzurana 63	0461 888201
TRENTO TOP CENTER	Via Brennero 306	0461 825800
VIGO DI FASSA	Strada Neva 24	0462 764487

Regione Veneto

AFFI (VE)	Via Don Mazza 6	045 7238177
AGORDO (BL)	Via 4 Novembre 9	0437 62077
AURONZO DI CADORE (BL)	Via Roma 16	0435 400660
BASSANO DEL GRAPPA (VI)	Via Bastion 49	0424 220881
BELLUNO	Via Vittorio Veneto 90	0437 930133
BOVOLONE (VR)	Via Garibaldi 48	045 6901294
COVOLO DI PEDEROBBA (TV)	Via Segusini 25	0423 648244
FELTRE - FARRA (BL)	Viale Pedavena 10	0439 310100
FELTRE (BL)	Largo P. Castaldi 7	0439 8841
FELTRE Private Banking	Largo P. Castaldi 7	0439 884253
LEGNAGO	Corso della Vittoria 31	0442 600162
LONGARONE (BL)	Piazza Umberto I 8	0437 573423
MONTEBELLUNA (TV)	Via Montegrappa 72	0423 615171
PADOVA	Via San Marco 11/C Netcenter	049 7808478
PIEVE DI CADORE (BL)	Piazza Municipio 11	0435 31647
QUERO (BL)	Via Nazionale 27	0439 788435
SAN MART. BUON ALB. (VR)	Via XX Settembre 95/97	045 8780220
SAPPADA (BL)	Borgata Palù 10	0435 469740
SOSPIROLO (BL)	Loc. Ponte Mas	0437 847032
SOVRAMONTE (BL)	Loc. Servo	0439 98444
TREVISO	Via Montegrappa 4	0422 23636
TRICHIANA (BL)	Via Cavassico Inferiore	0437 555333
VERONA	Corso Porta Nuova 32/A	045 595189
VERONA Borgo Trento	Via Cà di Cozzi 10/B	045 8350653
VIGO DI CADORE (BL)	Fraz. Pelos, Via Fabro 40	0435 77054

BANCA DI PALERMO

Head Office

PALERMO - Via Villareale, 2

Tel. 091 6018111 - Fax 091 6018280
Web site: www.bancadipalermo.it
info@bancadipalermo.it

Regione Sicilia

AGRIGENTO	Viale Viareggio 45	0922 413533
BORGONUOVO	Via Castellana 108/A	091 6733374
CAMASTRA (AG)	Corso Vittorio Veneto 45/A	0922 950237
CATANIA	Via XX Settembre 41	095 7169353
CATANIA 2	Via Vittorio Veneto 229	095 507916
LICATA (AG)	Rettifilo Garibaldi 76	0922 801640
MONREALE (PA)	Via Umberto I 14	091 6402592
NARO (AG)	Via Specchi 35	0922 956044
PALERMO 1	Via Boccadifalco 22	091 6680817
PALERMO 2	Via del Cigno 62	091 446514
PALERMO 3	Corso Calatafimi 981/c	091 6681624
PALERMO 4	Via Castellana 108/a	091 6733720
PALERMO 5	Viale Lazio 37	091 6701017
PALERMO 6 Sede	Via Villareale 2	091 6018219
PALERMO Private Banking	Via Villareale 2	091 6018207
PALERMO 7	Via A. De Gasperi 26/a	091 525594
PALERMO 8	Via C.A. Dalla Chiesa 3/b	091 7301777
PALERMO 9	Via L. Da Vinci 33	091 6827811
RAGUSA	Piazza Virgilio 13	0932 682239
ROCCAMENA (PA)	Via Vinci 6	091 8465544
SAN GIUSEPPE JATO (PA)	Via Umberto I 208	091 8576833
SIRACUSA	Via San Simeone 16	0931 445062
TRAPANI	Via XXX Gennaio 7	0923 541061

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* Financial Promoters Office

Regione Piemonte

ASTI	Via A. Bruno 9 ang. Via Garetti	0141 390411
BIELLA*	Galleria Leonardo Da Vinci 2	015 351187
CUNEO	Piazza Galimberti 15	0171 451311
TORINO	Piazza Carlo Vittorio Emanuele II, 13	011 8153011
TORINO	Piazza C.L.N. 255	011 5607111
TORINO	C.so Montegrappa 6	011 7715067

Regione Lombardia

BRESCIA*	Via F.lli Porcellaga 3	030 289045
MILANO	Via Giuliani 2	02 806401

Regione Veneto

TREVISO	Via Federici 2	0422 218911
CALDOGNO*	Piazza Europa 13	0444 905743

Regione Liguria

GENOVA	Piazza De Ferrari 24R	010 254761
VENTIMIGLIA (IM)	Via Cavour 35/E	0184 236711

Regione Emilia Romagna

BOLOGNA	Via Farini 11, Palazzo Zambecari	051 2917311
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Regione Lazio

ROMA	Piazza Cavour 10	06 6810011
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Regione Umbria		
PERUGIA*	Piazza Piccinino 9	075 5755211
PESARO*	Via San Francesco 52	0721 30523
Regione Abruzzo		
CHIETI*	Via Avezzano 30	0871 562956
Regione Campania		
NAPOLI	Via dei Mille 40	081 14297882
Regione Puglia		
FOGGIA*	Via Isonzo 33	0881 707852
TRIGGIANO*	Via De Amicis 39	080 4622518
Regione Sicilia		
AGRIGENTO*	Via San Vito 19	0922 401770
CALTANISSETTA*	Via C. Pulci 9/15	0934 582951
PALERMO*	Piazzale Ungheria 51	091 6127128

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GINEVRA	rue de la Croix d'Or 19	0041 (0) 22 3178800
LUGANO	Corso Elvezia 9	0041 (0) 91 9102800
ZURIGO Sede	Talstrasse 70	0041 (0) 43 2103100

GROUP COMPANIES

BIELLA LEASING S.p.A.

Head Office
BIELLA - Via Montegrappa 18
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BIELLA	Via Montegrappa 18	055 3289734
FIRENZE	Viale Redi 61/A	0832 698226
LECCE	Via Marconi 45	0832 698226
MODENA	Viale Moreali 3	059 239380
PALERMO	c/o BdP Villa Reale 2	091 6018286
TORINO	C.so Re Umberto 129	011 3040242
VERCELLI	Via Solaroli 9	0161 294094
MILANO	Galleria Unione 1	02 72004556
ROMA	Via Bertolini 9/11	06 8088843
TRENTO	Via Oss Mazzurana 63	0461 888207
TREVISO	Viale della Repubblica 220/A	0422 292453

BROSEL S.p.A.

Head Office
BIELLA - Via XX Settembre 13
Tel. 015 2435111 - Fax 015 24351189

PALERMO	Via G. Leopardi 78	091 7300039
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CBA VITA S.p.A.

Head Office
MILANO - Via Vittor Pisani 13
Tel. 02 676120 - Fax 02 676120598

CONSEL S.p.A.

Registered Office: BIELLA Via Montegrappa 18
Head Office and Administrative Office
TORINO - Via Bellini 2
Tel. 011 5061111 - Fax 011 5061113
Web site: www.e-consel.it

BIELLA	Via Trento 35	800 179001
BRESCIA	Via Issiglio 112/2	800 179001
FIRENZE	Via Cavour 170/R	800 179001
LATINA	Viale Le Corbusier snc	800 179001
MODENA	Via Vignolese 555	800 179001
PADOVA	Via Faloppio 67	800 179001
TORINO 2	Via Issiglio 111/2	800 179001
TORINO	Via Bellini 2	011 5061115
MILANO	Piazzale Susa 4	800 179001
MILANO 2	Via Raffaello Sanzio 16	800 179001
GENOVA	Piazza della Vittoria 15	800 179001
PISA	Via Gello 17	800 179001
ROMA	Via Latina 65	800 179001
ROMA 2	Via Pereira 190/B	800 179001
MESTRE	Via C.Colombo 28	800 179001
PALERMO	Via Sgiuti 87/E	800 179001
PERUGIA	Via Martiri del Lager 94/B	800 179001
CATANIA	c/o BDP Viale XX Settembre 58/60	800 179001
CAGLIARI	Via Dante 34/C	800 179001
VERONA	Via Centro 22 A	800 179001
VARESE	Via Dei Carantani 1	800 179001
SASSARI	Corso Regina Margherita 7	800 179001
TRAPANI	Via Virgilio 7	0923 951133
NAPOLI	Piazza Piedigrotta 3/8	800 179001

EASY NOLO S.p.A.

Registered Office and Central Management
BIELLA - Via Italia 2

BIELLA	Via Milano 1	015 2526511
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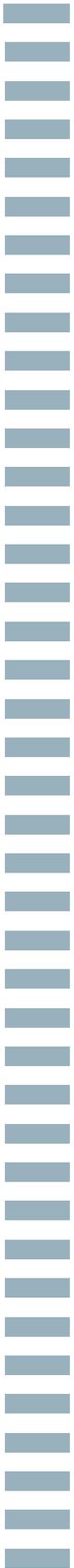
SELFID S.p.A

Head Office
BIELLA - Viale Matteotti 7 Tel. 015 23295

SELLA CORPORATE FINANCE S.p.A.

Registered Office
BIELLA - Via Italia 2

BIELLA - Corporate Finance	Via Italia 2	015 35001361
MILANO	Via Vittor Pisani 13	02 67077076



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Head Office
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Web site: www.sellagestioni.it

BIELLA

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SELGEST S.A.

Head Office
LUXEMBOURG - Boulevard Royal 4
Tel. 00352 (26) 860801 - Fax 00352 (26) 737901



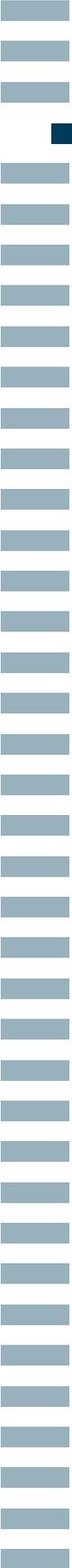
CORRESPONDENT BANKS

A list of the correspondent banks for Banca Sella Holding follows.

Please note that Banca Sella Holding provides access to the financial markets (together with other centralised services) to the entire Group, so all payments for activity on the financial markets must be made via Banca Sella Holding (Swift code SELB IT 22).

CURRENCY	BANK	CITY	SWIFT/BIC
AUD	National Australia Bank Ltd	Melbourne	NATA AU 33
CAD	Canadian Imperial Bank of Commerce	Toronto	CIBC CA TT
CHF	Sella Bank AG	Zurigo	SLBA CH ZZ
CZK	Ceskoslovenska Obchodni Banka as	Praga	CEKO CZ PP
DKK	Danske Bank Aktieselskab	Copenhagen	DABA DK KK
EUR	Diretto via target		SELB IT 22
GBP	HSBC Bank plc	Londra	MIDL GB 22
HKD	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong	HSBC HK HH
HUF	MKB Bank Rt	Budapest	MKKB HU HB
INR	Standard Chartered Bank	Bombay-Versova	SCBL IN BB BOM
JPY	The Bank of Tokyo-Mitsubishi Ltd	Tokyo	BOTK JP JT
MYR	HSBC Bank Malaysia Berhad	Kuala Lumpur	HBMB MY KL
NOK	DnB NOR Bank ASA	Oslo	DNBA NO KK
NZD	ANZ National Bank Limited	Wellington	ANZB NZ 22
PLN	Bank Handlowy w Warszawie SA	Varsavia	CITI PL PX
SEK	Skandinaviska Enskilda Banken AB (Publ)	Stoccolma	ESSE SE SS
SGD	The Hongkong and Shanghai Banking Corporation Limited	Singapore	HSBC SG SG
SKK	Unibanka	Bratislava	UNCR SK BX
THB	The Hongkong and Shanghai Banking Corporation Limited	Bangkok	HSBC TH BK
USD	UBS AG	Stamford	UBSW US 33
ZAR	The Standard Bank of South Africa Ltd	Johannesburg	SBZA ZA JJ





SHAREHOLDERS' MEETING

NOTICE OF MEETING

The Shareholders' Meeting will be convened for 9.30 am on 28 April 2008 at the headquarters of Banca Sella Holding S.p.A. - Biella, Via Italia 2 - and if necessary will be convened for a second time for 30 April 2008 at the same time and place to discuss and decide the following

Agenda

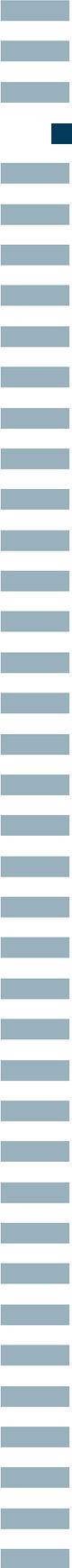
- 1) Deliberations pursuant to article 2364, point 1) of the Civil Code;
- 2) Deliberations pursuant to article 2364, point 3) of the Civil Code and determination of remuneration criteria;
- 3) Appointment of independent auditor, pursuant to article 2409-quater of the Civil Code.

The shares for intervening at the Shareholders' Meeting must be deposited at the Bank headquarters or at Banca Sella S.p.A. at least five days before the date set for the Shareholders' Meeting.

Biella, 18 April 2008

BANCA SELLA HOLDING
The Chairman





BOARD OF DIRECTORS' REPORT ON ACCOUNTS



RATING

The annual meeting with Moody's was held at the end of March 2008, in which the trend of the Group was analysed over 2007. Following this, on 28 March a

new Credit Opinion was published, which validated the following previously assigned ratings:

RATING		
Long Term Global Local Currency Deposit Rating	A2	unchanged
Short Term	P-1	unchanged
Bank Financial Strength Rating	C-	unchanged
Outlook	Stable	unchanged



Executive Committee, from left: Lodovico Sella, Federico Sella, Sebastiano Sella, Maurizio Sella, Franco Sella, Pietro Sella.



Group General Management, from left: Donato Valz Gen, Alberto Pretti, Attilio Viola, Maurizio Sella, Pietro Sella, Guido Bigiordi, Carlo Prina Della Tallia, Federico Sella, Claudio Piglia.

FINANCIAL HIGHLIGHTS

BALANCE SHEET (euro million)	31/12/2007	31/12/2006	% change
Total assets	5.686,2	5.130,7	10,8%
Cash loans	1.518,6	1.288,6	17,9%
Guarantees given	35,1	45,5	-22,9%
Financial assets	523,6	580,6	-9,8%
Equity investments	666,3	636,6	4,7%
Tangible and intangible assets	85,2	78,8	8,1%
Direct deposits from customers	1.510,7	1.507,0	0,2%
Indirect deposits from customers ⁽¹⁾	15.864,3	15.508,5	2,3%
Total deposits	17.375,0	17.015,5	2,1%
Capital for supervisory purposes	635,3	565,9	12,3%

INCOME STATEMENT* (euro million)	31/12/2007	31/12/2006	% change
Net interest income	29,8	19,6	52,4%
Net income from services	48,3	44,4	8,9%
Net interest and other banking income	78,1	63,9	22,2%
Operating costs ⁽²⁾	69,7	64,1	8,8%
Operating result	8,4	(0,1)	5982,5%
Write-downs/write-ups for debt write-off	0,4	0,1	242,3%
Income tax	3,2	1,0	226,4%
(Net) operating result	65,7	7,9	731,0%

⁽¹⁾ For the reason of the net relevant increase of some items with respect to 2006, please refer to the comments on profitability, where these are analysed in detail.

STRUCTURE DATA	31/12/2007	31/12/2006
Employees	1.159	1.105
Branches	2	2

⁽¹⁾ The aggregate excludes cash relating to asset management, reported as direct deposits from customers.

⁽²⁾ This is the sum of the following entries: "Administrative expenses", entry 150; "Write-downs to tangible fixed assets", entry 170; "Write-downs to intangible fixed assets", entry 180; "Other operating charges/income", entry 190.

ALTERNATIVE PERFORMANCE INDICATORS

PROFITABILITY RATIOS (%)	31/12/2007	31/12/2006
R.O.E. (return on equity) ⁽¹⁾	17,9%	2,0%
R.O.A. (return on assets) ⁽²⁾	1,2%	0,2%
Net interest income ⁽³⁾ / Net interest and other banking income ⁽³⁾	38,1%	30,6%
Net income from services ⁽³⁾ / Net interest and other banking income ⁽³⁾	61,9%	69,4%
Cost to income ⁽⁴⁾	89,2%	100,2%

PRODUCTIVITY RATIOS (euro/thousand)	31/12/2007	31/12/2006
Net interest and other banking income ⁽³⁾ / Average number of employees	69,0	61,4
Gross operating income ⁽³⁾ / Average No. of employees	7,4	(0,1)
Cash loans / Number of employees at year end	1.310,3	1.166,1
Direct deposits from customers / Number of employees at year end	1.303,4	1.363,8
Direct deposits from customers / Number of employees at year end	14.991,4	15.398,6

BALANCE-SHEET RATIOS (%)	31/12/2007	31/12/2006
Cash loans / Direct deposits from customers	100,5%	85,5%
Cash loans / Total assets	26,7%	25,1%
Direct deposits from customers / Total assets	26,6%	29,4%

CREDIT RISK RATIOS (%)	31/12/2007	31/12/2006
Net impaired loans/ Cash loans	0,00%	0,01%
Net write-downs to loans/ Cash loans	0,02%	0,01%

CAPITAL ADEQUACY RATIOS (%)	31/12/2007	31/12/2006
Tier 1 capital adequacy ratio	13,55%	12,98%
Total capital adequacy ratio	21,47%	21,64%

⁽¹⁾ Ratio between "Net profit" and total of the entries 160 "reserves", 170 "issue premiums", 180 "capital", 190 "own shares" of the Balance Sheet liabilities.

⁽²⁾ Ratio between "Net profits" and "Total assets".

⁽³⁾ As reclassified in the Income Statement.

⁽⁴⁾ Ratio between operating costs net of IRAP (regional production tax) and brokerage income.

MACROECONOMIC SCENARIO

2007, particularly in the second part of the year, will be remembered for the financial crisis which began in the US subprime mortgage sector, and later extended to other financial activities, determining a considerable drop in many markets that are crucial for the proper functioning of the financial system, including the interbank deposit market, and right from the outset had an international dimension. 2007 saw a generalised acceleration of inflation, as a consequence of the increase in the prices of commodities, in the energy and food industries.

Here is an analysis of international macroeconomics:

- the US economy was subjected to the marked weakness of the property market, partly counterbalanced by the recovery of net exports. Owing to the effects of the slowdown in the property real estate market, particularly in the residential sector, the US GDP increased by 2.2% in 2007, down from 2.9% in 2006. Although consumption grew less strongly, owing to the negative wealth effect related to the reduction in real estate price dynamics, it continued to benefit from the positive development of the labour market, both in terms of the number of new jobs created and in terms of salary trends. Companies' fixed investments, and their good level of confidence made a significant contribution to the economic development of the country, especially in the infrastructure sector. The good growth levels of the world economy and the slowdown in domestic demand contributed to improving net exports. The consumer price index recorded an accelerated trend in the last part of 2007, undergoing the effects of the increase in fuel and food prices. The Federal Reserve, considering the risks for growth linked to the evolution of the financial crisis, and despite emphasising worries regarding consumer price dynamics, reduced the official interest rates by 1% in the second half of 2007, bringing it to 4.25%. The continuing weakness of the financial markets and the worsening of the macro situation, led the Federal Reserve to start new monetary policy measures in
- January 2008, with two cuts in the official interest rate, bringing it to 3%; in the US, in line with the dynamics of monetary policy, growth and inflation, the tendency of long-term market interest rates is to fall: the mean value of the interest rate in the ten years up to 2007 was 4.63%, in down from 4.78% in 2006; the lowest level during the ten-year period was 3.84%, reached in the second half of November;
- Europe maintained a considerable economic growth rate, recording an increase of 2.6% in 2007, continuing to benefit from the good growth dynamic of the global economy which sustains exports and, indirectly, investments. Companies, particularly in Germany, continued efforts to modernise structures to improve productivity and competitiveness. The good dynamics of fixed business investments continued to favour the job market, without determining the expected gradual increase in consumer sales. Inflation accelerated in the second part of the year, as a consequence of the dynamics in the energy and food sectors. Worries over the evolution of the financial crisis, drove the European Central Bank, after two hikes of 0.25% in the official interest rate made during meetings in March and June 2007, to adopt a wait-and-see policy, leaving the official interest rate unchanged at 4% until the end of 2007. Italy saw a recovery in investments in machinery and equipment in the second part of the year; consumer sales and exports remained stable; In Europe, however, the mean interest rates in the ten-year period to 2007 was 4.23%, an increase from the mean value of 3.8% of 2006; the lowest rate in ten years in the Eurozone was 3.882% reached in the first half of March 2007.
- in Asia, the Japanese economy, after a positive start to the year, saw a slowdown in growth due to contingent factors (introduction of new regulations regarding construction led to a contraction in the residential sector) and to the basic weakness of domestic demand; the foreign sector was confirmed as

the main engine behind Japanese growth. The road out of deflation was slower than expected, limiting the room for manoeuvre of Bank of Japan which, despite remaining linked to its objectives for gradual normalisation of interest rates, was not able to create new measures to increase the official rate after a marked increase in February 2007. China and India continued to register high rates of growth in 2007, although there were signs of partial moderation in the second part of the year. In China, in particular, despite remaining sustained, exports were affected by the administrative measures introduced by the Chinese authorities to control the growth of commercial progress and the slowdown in global demand. In terms of price dynamics, China saw a significant increase in inflation, which led the Central Bank to adopt restrictive measures. In India price tensions showed a gradual release.

In emerging markets, particularly the Asian economies, the high rates of development were confirmed, despite the delicate situation of the financial markets, appearing increasingly inclined to adopt structural reforms favouring the development of domestic demand and creating the basis for dynamic growth that is less sensitive to external impacts.

In 2007 stock markets grew by about 9.6% (MSCI World), with Germany growing more strongly than other markets in developed countries. Nevertheless, the trend over the year was not unequivocal: after an initial positive phase, supported by the positive dynamic of company profits, in the second part of the year, in line with the first signs of crisis in the US credit sector, and as fears spread regarding the sustainability of growth, stock exchanges underwent a strong increase in volatility, which particularly hit the financial sector, which is more directly exposed to losses deriving from subprime mortgages.

Banking system

Investments by Italian banks saw a considerable de-

velopment again in 2007: loans to residents, at €1,455b, rose by an annual rate of 10.2%, just below the 11.2% recorded in 2006. The breakdown of loans according to due date at the end of 2007 show that short-term demand loans, net of default and repurchase agreements stood at 35.9% of the total, down from 36.7% from 2006; while the long-term component stood at 64.1%, up 63.3% from 2006. Until April 2007 the growth trend of short-term loans increased and the trend of medium- to long-term loans was on the decrease, similarly to the trends of 2006. From May 2007 the trend changed direction, and there was a deceleration of short-term loans in favour of long-term ones.

In terms of credit quality, the rate of non-performing loans fell slightly in the first nine months of 2007, going from 0.253% to 0.226%, with no particular criticalities. Gross non-performing loans, down in absolute terms due to securitisation operations carried out in 2005 and 2006, showed an increase of 4.2%, bringing exposure to around €49.8b, or 3.43% of commitments, compared to 3.57% in 2006. In the same period, net non-performing situations fell by 1.7%, and fell from 1.26% to 1.21% in relation to loans.

An analysis for the demand for banking loans shows that in 2007 the economic climate was good, on the whole, although compromised by the rise in the cost of credit from July and by the slowdown in production at the end of the year. Loans to non-financial companies reached an annual growth rate in 2007 of 13.1% compared to 12.4% in 2006, mainly in the sector of medium- and long-term loans. In terms of sectors, there was a slowdown in demand for credit in the telecommunications and publishing industries. Consumer loans in 2007 rose by 7.8% compared to 9.8% at the end of 2006. The slowdown in consumer credit and mortgages was significant: annual growth in these sectors went from 12.5% to 5.6%, and 12.5% to 8.7% respectively. The other loan categories gained ground, with an annual variation of 7.2% compared to 4.4% at the end of 2006.

The percentage breakdown of loans in September 2007 included the following customer types:

- non-financial companies, 54%;
- consumers, 25%;
- financial and insurance companies, 11%;
- small business, 6%;
- public sector, 4%.

Direct deposits from customers in Italian banks at November 2007 reached €1,220b, up 6.7% from the previous year. The total shows a drop of 9% in the growth rate from 2006 figures, with a slowdown particularly in the deposits segment, while the volume of bond issues went up by 11.4% in the year, the same rate as 2006. Deposits and repurchase agreements represent 40% of total customer deposits compared to 44% at the end of 2006. Loans abroad at November 2007 were on the increase by 26% compared to the previous year, a significant increase from 19% in 2006, bringing the total portion of foreign deposits from 26% to 30% of the total.

Spreads in the corporate market doubled from May to December 2007: two rate hikes by the European Central Bank and fears related to the effects of the subprime mortgage crisis on the balance sheets of European

banks generated a particular lack of liquidity on the interbank market. The higher cost of money, and a restriction on loan concessions, determined greater difficulties in business financing and then a widening of the spread on debt, even in the non-financial sector. 2007 was characterised by numerous merger and acquisition operations which supported issue volumes particularly in the first half of the year, while the number issuers remained few compared to the other major European countries.

Although 2007 opened in a restrictive monetary policy climate, the financial crisis led to a credit restriction which reduced the number of measures expected from the central bank. The supply of loans was subject to a moderate slowdown in the growth of active long-term rates, while the higher cost of money on the interbank market was seen in short and medium-term rates and in new operations. In terms of investments and customer savings and deposits with banks in the consumer and non-financial sectors, in 2007 the mark up compared with the weighted monthly average yield of BOT (Italian Treasury Bonds) fell from 2.05% at the end of 2006 to 2.22%, whilst the mark down remained more or less stable, going from 1.89% to 1.87%, with the spread widening from 3.94% to 4.09%.

TOPICS OF STRATEGIC RELEVANCE AND STATE OF PROGRESS OF THREE-YEAR STRATEGIC PLAN

During the year the Group's structural evolution continued, in terms of dimensions, number of customers, efficiency and excellence, as set out in the Strategic Plan 2007-2009, based on the Strategic Guidelines for growth.

This evolution is also characterised by the strengthening of the risk management systems, efficiency of controls and consolidation of a number of processes and organisational features.

In terms of the organisational model and to improve the services offered by the entire Group, and for more effective control and coordination, the financial year saw consolidation of several departments already set up in previous years within the parent company and particularly the centralisation of new departments.

Furthermore, the parent company set up a process of

in-depth re-examination of the Group's governance rules and procedures, also in order to promptly implement the recent recommendations of Banca d'Italia.

Over the year, the following company operation took place:

- Merger of Sella South Holding S.p.A. (financial company managing the Group's shareholdings in southern Italy) into Sella Holding Banca S.p.A. The operation took place on 29 November 2007, and shortened the chain of control.

For more information on the Strategic Plan 2007-2009 see the chapter entitled "Topics of strategic relevance" in the consolidated annual report.

INCOME DATA

RECLASSIFIED INCOME STATEMENT <i>(in thousands of euro)</i>			
	2007	2006	variation %
10 Interest receivable and similar income	228.207,6	168.446,4	35,5%
20 Interest payable and similar charges	(228.614,8)	(163.845,5)	39,5%
70 Dividends and other income	30.205,3	14.958,0	101,9%
NET INTEREST INCOME AND DIVIDENDS	29.798,1	19.558,9	52,4%
40 Commission income	94.077,9	90.988,4	3,4%
50 Commission expenses	(55.593,4)	(54.543,5)	1,9%
80 Net result of trading activity	9.901,2	8.075,3	22,6%
90 Net result of hedging activity	(42,9)	(140,6)	-69,5%
Net other banking income	48.342,8	44.379,6	8,9%
OPERATING REVENUES	78.140,9	63.938,5	22,2%
150 Administrative expenses:			
a) Staff expenses	(66.251,7)	(59.448,5)	11,4%
Irap relevant to staff and attached staff net expenses ⁽¹⁾	(2.066,0)	(2.972,4)	-30,5%
b) Other administrative expenses	(49.161,0)	(44.728,3)	9,9%
Recovery of stamp duty and other taxes ⁽²⁾	184,3	137,0	34,5%
170 Write-downs to tangible fixed assets	(8.439,1)	(6.116,8)	38,0%
180 Write-downs to intangible fixed assets	(7.432,1)	(6.519,8)	14,0%
190 Other operating charges/income (excluding recovery of stamp duty and other taxes ⁽¹⁾)	63.438,2	55.567,3	14,2%
Operating costs	(69.727,4)	(64.081,5)	8,8%
OPERATING RESULT	8.413,5	(143,0)	5982,5%
160 Net provisions for risks and charges	(1.362,8)	(39.364,3)	-96,5%
130 Write-downs/write-ups for write-off of:			
- loans	(358,0)	(104,6)	242,3%
- financial assets available for sale	(603,2)	-	-
- other financial operations	179,1	-	-
100 Profits (losses) from dismissal or buy-back of:			
- financial assets available for sale	55.933,4	46.912,4	19,2%
- financial liabilities	12,4	(344,2)	-103,6%
210 Profits (losses) on equity investments	292,2	-	-
230 Adjustments to goodwill	-	-	-
240 Profits (losses) from dismissal of investments	16,3	(26,3)	-162,0%
PROFITS FROM CURRENT OPERATIONS BEFORE TAXES	62.522,9	6.930,0	802,2%
260 Income taxes on current operations for the year			
("Irap relevant to staff and attached staff net expenses" deducted)	3.190,4	977,4	226,4%
PROFITS FROM CURRENT OPERATIONS AFTER TAXES	65.713,3	7.907,4	731,0%
280 Profit (loss) of groups of assets held for sale after taxes	-	-	-
PROFIT (LOSS) FOR THE YEAR	65.713,3	7.907,6	731,0%

⁽¹⁾ Discorparated from entry "income taxes on current operations for the year"

⁽²⁾ Separated from "other operating charges/income"

PROFITABILITY

The overall result for the period of €65.7m (+731% over the previous year), brings the level of the R.O.E. to 17.9% compared to 2.0% in 2006.

The year saw capital gains of €52.9m, arising from the “100% exchange offer of Borsa Italiana share capital” with London Stock Exchange Group shares, which took place in July 2007.

The comments that follow refer to the reclassified

income statement entries reported in the table on the previous page.

NET INTEREST INCOME

The result was €29.8m, compared to €19.6m in 2006. Overall dividends were €30.2m (+101.9%).

NET INCOME FROM SERVICES

Net income from services amounts to €48.3m, compared to €44.4m in 2006. The main components are summarised in the following table:

Net income from services: main components	31/12/2007	31/12/2006	% change
Payment services	27,4	24,6	11,6%
Trading on behalf of third parties and orders collection	7,5	7,5	-
Custodian bank	2,6	2,8	-7,2%
Trading and hedging operations	9,9	7,9	24,8%
Other	1,0	1,2	-18,5%
Total	48,4	44,0	10,0%

BROKERAGE INCOME

Income from money management and management services amounted to a total result of €78.1m, up 22.2% over the previous year.

OPERATING COSTS

The operating costs amount to €69.7 net of the positive contribution of €63.4m of the entry “other operating charges/income”, which largely consists of all the receipts from services provided to Group companies. Compared to 2006 this part increased by 14.2%. The increase in operating costs is mainly due to commitments for development and strengthening of the control and compliance structures.

The other components of the operating costs consist of staff expenses amounting, including IRAP amounting

to €68.3m (+9.3% compared to 2006), other administrative expenses amounting to €49.2m (€44.7m in the previous year) and of write-downs to tangible and intangible fixed assets amounting to €15.9m.

INVESTMENTS

In 2007 investments amounting to approximately €22.5m were made, compared to €18m in 2006, mainly in the sectors of electronic payment systems, online banking and information technology.

GROSS OPERATING RESULT

Owing to the above factors, the gross operating result showed a marked improvement with €8.4m compared to €-0.1m in 2006.

PROVISIONS, WRITE-DOWNS AND PROFITS FROM DISMISSAL OF FINANCIAL ASSETS AVAILABLE FOR SALE

Provisions for risks and charges

During the year, provisions for risks and charges amounting to €1.4m were made, a marked reduction compared to €39.4m in the previous year. This reduction is mainly due to the fact that in 2007, no further provisions were necessary for commitments towards the subsidiary Sella Bank Luxembourg, as shown in the section of this report entitled "Equity investments and dealings with Group companies".

Write-downs to loans net of write-ups

The write-downs to loans net of write-ups amounted to 0.4 million euros, which is a reflection of the small credit risk taken on by the company.

Profits (losses) from dismissal of financial assets available for sale (only capital securities)

The dismissal of capital securities produced profits amounting to €55.9m, compared to €46.9m in 2006, mainly due to:

- the share exchange between Borsa Italiana and London Stock Exchange Group; considering the difference between the balance sheet value of Borsa Italiana shares and the quotation of London Stock Exchange Group shares and the pound sterling/euro exchange rate, this operation led to

a "profits from dismissal of financial assets available for sale" of €52.9m;

- dismissal of 17,000 MasterCard Inc. shares, which led to profits of €1.9m.

Income taxes

Income tax liability (net of the IRAP relating to staff costs) was positive, owing to the fact that a significant part of the Company's earnings consisted of dividends and capital gains arising from the sale of capital securities, included among the assets available for sale, which are partially or totally exempt from taxation.

The 5.5% reduction in IRES (company tax), from the year 2008, led to the obligation to update previous prepaid and deferred taxes along with those generated in previous year. This led to overall charges having an impact of €1m on the income statement.

Sella Holding Banca is subject to the national consolidated fiscal regime, to which nearly all the Italian companies that it controls also subscribe.

More detailed analyses of the meaning and the impact of so-called deferred taxes are to be found in the Notes to the Financial Statements.

FINANCIAL ASSETS

At 31 December 2007 the Bank possessed a securities portfolio amounting to €1,191.1m that was divided into the following categories in accordance with the International Accounting Standards:

SECURITIES PORTFOLIO <i>(figures in millions of euros)</i>	2007	2006
Held for trading	366,5	425,7
Held to maturity	70,4	60,4
Due to banks	754,2	741,6
Total	1.191,1	1.227,7

SECURITIES PORTFOLIO HELD FOR TRADING

During the year, the average value of this entry decreased by 14%, compared to 2006.

As testimony of the policy of caution towards which management is geared, the V.A.R. at 31 December 2007, calculated on a historical basis over a three-month period with a confidence gap of 99%, amounted to approximately €2.3 million euros (whilst the average V.A.R. for the year was around €2.4).

The strategy of progressive diversification of investments continued, particular emphasis on the quality of the bond securities issued in portfolios by banks, financial companies and corporate bodies. To confirm this, neither Asset Backed Securities, nor structured securities containing subprime mortgages are present.

At the end of the year the main categories of investment were:

- 43.2% government bonds from the euro area;
- 0.5% securities from other states;
- 8.8% bonds issued by supranational and agencies guaranteed by the state;
- 42.8% bonds issued by banks and financial institutions;
- 0.7% corporate bonds;
- 4% shares and investment funds.

The Bank continued its extremely cautious policy to country risk and the issuer's credit rating. This is reflected in the fact that apart from a bond of an emerging

country with a speculative grade rating of approximately €0.3 million, at 31 December 2007 and throughout the year there were no other assets issued by emerging countries or by companies located in such countries

The average portfolio rating on the Moody's scale was Aa3 and was A+ on the S&P scale.

SECURITIES PORTFOLIO HELD TO MATURITY

This entry comprises securities held as stable investments and meets the parameters of the guidelines set by the Board of Directors.

During 2007 the value of this entry increased due to the acquisition and simultaneous capital expenditure of €10m for B.T.P. (long-term Italian treasury bonds) 4.25% 02/2015 with a yield of 4.8%.

At 31 December 2007 the shares in this category amounted to €70.4 m and consisted of B.T.P expiring between 2008 and 2015.

SECURITIES PORTFOLIO DUE TO BANKS

This entry includes ordinary and subordinate bonds issued by Group banks. These securities, which are issued by the banks of the network in order to match due dates of assets and liabilities at individual level, will be held to maturity in accordance with the guidelines of the Board of Directors.

At 31 December 2007 the securities in this category amounted to €754.2m.

COMMERCIAL POLICIES

EXTERNAL COMMUNICATION

After the institutional initiatives of the previous year to celebrate the 120th anniversary of the founding of Banca Sella, in 2007 external communication was mainly directed at commercial development.

In particular, the initiatives were directed at private, retail and online targets with the objectives of development and cross selling. Product launches were accompanied by competitions, prize awards and promotions to give more energy to communication and obtain better results.

Let's analyse the different sectors in the external communication activity:

- retail: in April 2007 the review of non-business current accounts was set in motion. Conto Tuo is the name given to the whole range of products from children to senior citizens, with particular emphasis on families. The review was accompanied by numerous communication initiatives with special budgets and advertising on the Internet, radio and on hoardings;
- online: after the year of the launch of Websella, 2007 was the year in which to acquire market share in the online target. A specific budget was allocated for Websella, almost entirely invested in the Internet and DEM (e-mail marketing). Alongside developing online customership, attention continued with constant development of multichannel customers on Sella.it. 2007 marked 10 years since the opening of the Gruppo Banca Sella home banking. Celebrations took place mainly online, with special promotions, competitions for customers and social networking games. Prizes were awarded to the longest-running customers on Sella.it, in recognition for their loyalty over the years;
- funds: the fund segment saw two important moments for the Group, both characterised by extensive communications; the expiry date of 30 June for choosing pension funds, via information directed at customers potentially interested in the product; the creation of large quantities ad hoc external communication materials to make customers aware of the significance of the 30 June closing date; and an adver-

tising campaign in La Stampa newspaper; e opening of all branches to multimangers, via a commercial operation on search engines and financial websites, giving information about opening up to third-party funds and open-ended investment companies, called multimangers since they offer customers the chance to put the funds and open-end investment companies of the best operators on the market in their portfolios, in addition to the funds and company's run by their own group.

For the pension fund, communications were focused on the Triple AAA of Milano Finanza awarded for the second year running to Fondo Pensione Eurorisparmio Azionario Europa in Sella Gestioni, which is a prestigious recognition for the best asset managers in the field of separate management, Unit Linked and pension funds. The award was assigned on the basis of calculations that consider the average monthly yield of the fund, the number of monthly yields that are greater than the average and the volatility of the monthly variations of the fund.

After opening up to multimangers an image campaign was also carried out on the Internet (a channel that is increasingly important for the investment choices of savers) aimed at publicising the increase in the Gruppo Banca Sella offering.

Over the year centralised sales activities continue to support the Group's commercial banks in their commercial development, particularly in the credit card sector. Direct marketing and the Sella.it and Websella.it sites in fact account for around 7000 current accounts held with the banks of the Group, about 8000 credit cards and a further 3000 products and services at the Group level (POS, e-commerce, mobile phone services, home banking, TOL services, investment products). The telephone and e-mailing remain the most active areas of direct marketing.

As in previous years, in 2007 the Bank took part in the "Internet Trading Forum" in Rimini and "Tol Expo" in Milan, the fairs dedicated to trading online, in which

the main competitors in the sector take part and where targeted commercial activity takes place.

"Patti Chiari" certification was renewed for 5 Group banks (Banca Sella, Banca Arditi Galati, Banca Sella Nord Est Bovio Calderari, Banca di Palermo, Banca Patrimoni Sella & C.).

TRANSPARENCY OF BANKING OPERATIONS AND SERVICES

In compliance with CICR decision of 4 March 2003 regarding the supervision instructions issued by the Banca d'Italia and Legislative Decree 385 of 1 September 1993, the Bank further refined the contracts in use and the information and advertising material to ensure ongoing compliance with regulations, in particular by constant monitoring of the alignment of communications with customers, through its website, e-mail and paper documents.

In 2007 the operations to improve quality of transparency continued regarding:

- centralising at Sella Holding Banca of the main transparency-related activities (drafting of documentation, publication, maintenance and management financial results of banking products);
- procedural interventions for making communications to customers even more complete and clear;
- simplification of the contractual structure for current-account products and accessory services, savings accounts and debit cards.

During 2007 transparency spot checks continued to ensure that window activities comply with the regulations and service orders of the Bank. These controls were managed by Product Managers and over the year they guaranteed an increasing level of quality on the documentation used in the promotion, sale and management of the product.

Further training courses were held on the "transparency law" directed at new employees and interns, aimed at informing them of the main aspects of the law, and giving them specific skills for its practical application, as

well as refresher courses. Again, to provide more training and information, the section on the company intranet dedicated to transparency was improved and the regulations documents was updated, also as a result of the new regulations of the "Bersani" decree.

Gruppo Banca Sella firmly believes that truth is an ethical value.

This principle means that transparency is not a mere statutory obligation, but is a key element in the management of customer relations, which are based on honesty and loyalty.

Our respect for transparency is part of a wider business vision, that is part of the main principles and values of the Group's way of banking.

SECURITY OF INFORMATION AND PROTECTION OF PRIVACY

Sella Holding Banca, in compliance with rule 26 of the Technical Regulations (Annex B) of the Data Protection Code (Legislative Decree 196 of 30 June 2003), has drafted and updated the "Programme Document on Information Security".

The object of this document, which was updated in March 2008, is to establish the organisational safety, physical and IT measures to be taken to ensure compliance with the provisions of Legislative Decree 196/03 regarding the protection of personal data and subsequent modifications and additions thereto.

SERVICE LEVELS

Continuing the pursuit for quality, excellence and continuing improvement in services provided to customers and internal business processes, the Group adopted rules and shared procedures to measure service levels.

The Risk Management and Group Controls department is responsible for monitoring service levels of all the operating structures: with Group companies and areas it shares measurement indicators, calculation methods, tolerance thresholds. The "Service Levels Dashboard" is the shared instrument representing service levels, that

allows to group indicators together in terms of end customer and Gruppo Banca Sella organigram.

The dashboards, provide an all-round picture of the impact on levels of service of anomalies that occur in a department. In particular, in 2007 the dashboards show the impact of the anomaly that took place in August, regarding the multibank system and involving the arrest of the information system, rapidly solved through activation of disaster recovery.

The monitoring process of service levels is closely linked (including also in terms of the information system) to the processes of management and follow-up of anomalies. Indeed, each anomalous event in the Group platform called the Control Cycle (system anomaly, customer complaint, operating loss) calls for an analysis of the impact on service levels. In this way, it is possible to represent the real quality of services, taking account of the anomalies detected.

In technological terms, monitoring of service levels involves the collaboration of the Risk Management and Controls and the Banking Services units, which have created a series of automatic notification measures, with the aim of:

- immediately informing the IT department of any problems in the system, in order to activate the technical resources needed to deal with them;
- providing Risk Management and Controls with an automatic instrument to automatically measure the availability and performance of the main information systems.

According to the above criteria, the Group's annual service level in 2007 was very near 99.26%

TELEMATIC CHANNELS

INTERNET AND MOBILE BANKING

In 2007 the Internet Banking business continued to grow, with good development rates in terms of number of clients and in terms of the number of online operations performed by them.

In particular, deposit operations grew by 51%, or almost 2,295,000 operations, of which around 50% were

transfers, 25% F24 tax payments, 12% telephone recharges, 5% prepaid payment card recharges.

For the monthly average number of performing customers, i.e. those that have made at least one deposit operation, growth was 43%, going from 39,067 in 2006 to 56,000 in 2007.

Information operations recorded an increase of 30% (14,280,000 against 10,972,000 in 2006), while operative customers (i.e. those who perform at least one operation a month) grew by 27% compared to 13% in 2006.

The number of customers with an active code grew by 22%, from 139,141 to 169,292.

In 2007 the number of text messages sent to customers of the Group's banks went up by 69%, reaching 3,695,000 (of these around 70% were Memo Shop messages), thanks both to the higher number of customers registered for at least one sms service (up 50% compared to 2006, and reaching 102,000), and to the launch of new services.

The new telematic services in 2007 include:

- @pritisella.it the new electronic device that creates dynamic passwords valid only once during login to Gruppo Banca Sella online services and to confirm a number of payment operations. Thanks to the introduction of this device, Gruppo Banca Sella confirms its front position in telematic services, confirming that security is a fundamental premise for the development of online services, as well as being a distinctive characteristic of the Group;
- SellaBox, the online storage archive for documents sent by the bank (account statements, interest statements, summary documents, etc.) allowing customers to combine speed and ease of access to bank communications, while saving (online customers are not charged for the sending of communications, while there is a 50% for other customers);
- Infocard, a new information service geared to Visa and MasterCard credit card holders, wishing to receive real-time information on their credit card by mobile phone: the amount spent during the current month, the limit or remaining credit available.

In 2007 the Websella.it offering was extended, the portal dedicated to customers that use only the internet channel to manage their relationship with the banks and prefer the convenience of a virtual branch, with:

- creation of a new trading service (Securities Account);
- a new range of funds to be traded online: Arcipelagos Sicav, Carmignac Gestion, Compam, Franklin Templeton Investments, HPS, ING, Lemanik Sicav, Nextam Partners, Zenit;
- online account opening procedure given recognition method completely online via "Direct Debit archive".

Also thanks to advertising investments aimed at the Internet sector and ad hoc promotions, in 2007 about 5,500 new accounts were opened.

CORPORATE BANKING

Corporate Banking enables current-account transactions to be conducted electronically. In 2007 the department pointed its activities in two main directions: extending existing customer operations and searching for new customers (companies) that do not yet have this product. The volumes handled by this service were 30% up on the previous year on average. Among the main procedures released during the year, particular attention was placed on the new procedure, which allows accountants to direct F24 tax payments to Group banks.

TELEPHONE SERVICES

In 2007 the number of calls handled by the Bank's telephone services went down 3% compared to the previous year, also thanks to the improvements made during the year in special initiatives to reduce telephone calls.

In particular, in the Telephone Banking service, the reduction of incoming calls per operator was by 10% compared to 2006, where the incidence of payment calls fell to 74% from 75% in 2006 (with a particular decline in

banking operations and derivatives). On the other hand, there was a greater concentration of calls regarding share and bond trading, going up to 69% (compared to 62% in 2006) and as a consequence, revenues from trading recorded an increase of 14%.

Over the year the Customer Care services successfully experimented the important and delicate delocalisation project through Selir, a Group company in Romania. The first activity to be outsourced was POS assistance (July 2007), followed by the service for E-commerce purchasers in October and in December by partial delocalisation of the volumes of the Internet Banking assistance service.

The number of calls to the Customer Care services were in line with 2006 figures, while e-mails rose by 43% compared to the previous year, with a monthly average of 4,000 e-mails excluding in August 2007, when the number rose to 5,325 owing to phishing attacks on the Sella.it portal, all quashed thanks to the Bank's security systems.

In 2007 "Borsino Sella.it" generated commissions of around €0.78m (+14% compared to the budget): 89% from retail customers and 11% from institutional (Sella Gestioni and Banca Patrimoni Sella & C.).

Brokerage fees of retail customers on the share market were markedly below expectations (-70%) owing to the reduction in operations on this market during 2007. However this negative gap was compensated by strong and unexpected activity on foreign derivatives (+130% compared to budget). During the year, there was also a growth in revenues on the foreign share market and a slight drop in activity on the domestic derivatives market.

During 2007 the Centralised Help Desk, the internal client service, made 138,126 interventions, an increase of 27% compared to 2006, due to the opening of 25 new Group branches and important operating changes. The service also improved its level of automation, with assistance via e-mail rising to 46% of total requests (+6% of 2006).

OPERATING PERFORMANCE IN MAIN AREAS OF ACTIVITY

CREDIT BROKERAGE

QUALITY OF THE LOANS PORTFOLIO

Non-performing loans

Net non-performing loans at the end of the year amounted to €63,000 and the net non-performing credits/cash loans ratio amounted to 0.004%. Over the period in question new non-performing loans amounted to €296,000. Inflows from non-performing loans amounted to approximately €25,000.

The number of non-performing loans amounted to 772, 99% of which were for amounts of less than €50,000 (76.09% of the total in terms of volume).

89.5% of positions were below the threshold of €5,000.

Watchlist loans

Net watchlist loans (amounts overdue from parties whose temporary difficulties are likely to be overcome in an appropriate period of time), including capitalisation of interest, at the end of the year amounted to €7,000.

New inflows over the year amounted to €278,000.

BANK INSURANCE

The year continued with the intense activity of distributing policies in the accident and life sectors. The was deeply involved in training sales staff, 70,000 hours of classroom training hours carried out, and operators involved in self-learning processes.

All Group banks and the companies Brosel, Consel and Biella Leasing were entered in Single Register of Insurance Brokers, and over 1,200 members of staff in branches were authorised for "on-site sale" after obtaining training certification.

Only CBA VITA and Sella Life (Group companies) products were treated in the life and health sectors. In the remaining accident sectors saw products from the following companies were sold: Toro Targa Assicurazioni, REM Assicurazioni, ALA Assicurazioni, Cardif

Assurances Risques Divers S.A., HDI Assicurazioni.

In 2007, as in previous years, quality policy was applied in the product offering. In fact the policies offered were market by transparency and a good quality/price ratio. New insurance products worth mentioning include the accident policy Protezione Più, and the pension policy CBA Previdenza in the life sector.

MUTUAL INVESTMENT FUNDS AND OPEN-ENDED INVESTMENT COMPANIES

Overall product profitability was maintained during the year.

The downward trend of the stock of the Group's and third-party Italian funds continued owing to the increasing stock placed by third-parties in Luxembourg-based open-ended investment companies.

From May 2007, the branch network of traditional banks gradually opened to the placement of multibrand third-party funds and open-ended investment companies. This opening, which began in 2006, continued through the Private Banking network and the Internet.

The product range managed by the Group was rationalised. This affected Sella Gestioni at collective-product level. There was continuity in the objective of greater specialisation in "flexible" and "yield objective" products, whilst the needs of customers for other products will be catered for by products of third parties. The covenant process with selected "product firms" has allowed diversification of the fund portfolio implemented in the GPF Multimanager lines offered to retail customers.

INVESTMENT SERVICES

During the year a review of the internal rules in savings management to adjust it to the new discipline regarding investment services in accordance with MIFID Directive. The new regulations are called "Principles and Rules for the Provision of Investment Services". The main distinction between the asset management and investment services lies in the way savings are handled. A further distinction has been created for the second group of services between investment services provided in ter-

ms of appropriateness and investment services provided in terms of adequacy.

With reference to investment services provided in terms of appropriateness, a control procedure was implemented for investment operations made for reception and transmission services for orders/placement.

With reference to investment services provided in terms of adequacy, procedures for combining consulting services with other investment services have been defined, and the content and procedures for offering "base" consulting services.

A review of the customer profiling procedure was made, already in place at the bank in accordance with old Consob regulations.

The customer reclassification was carried out for the three investor categories established by MIFID (retail clients, professional clients, eligible counterparties), with communications sent directly to customers.

Activities linked to the requirements of MIFID were added to the activities supporting implementation of the principle of "high-quality assistance" to investment service customers.

During the year, the service continued:

- updating the profiles of Group bank customers;
- training staff of the Group banks on financial instruments, on risks, on the principles and rules established by in-house rules on managing savings, on new regulatory requirements regarding the MIFID Directive;
- alerting Group bank customers of situations in which the analysis of the economic and financial performan-

ce of companies issuing securities shows an increase in the risk of holding the securities;

- updating and extending the Risk Thermometer with new products and newly issued financial instruments with an increase, compared with the previous year, in the number of financial instruments monitored by rating their degree of risk;
- monitoring and refining the rules by which the degree of security and product risk is assigned via the Risk Thermometer;
- daily monitoring on the correctness of the data expressed by the Risk Thermometer;
- responding to the Group's network banks regarding all requests for assistance and information on investments, securities, products and procedures;
- extending the Intranet section dedicated to customer investments by implementing new information and functions for a more complete and immediate view of their position.

CUSTODIAN AND CORRESPONDING BANK

During 2007 revenues from the custodian bank service for Sella Gestioni funds were €2.7m down €0.5m from the previous year due entirely to the €425m decrease in assets from the funds.

Overall services to foreign OICRs and Group and non-Group Italian distributors grew. In 2007 revenues stood at €1.1m with an overall increase of 22%, accompanied by a further increase of OICR, assisted investors and services provided (Internet services, devices for investors, Swift platform for order routing).

FINANCIAL BROKERAGE

DEALING AND TRADING ON THE MARKETS

The bank's own account and third-party trading (including trading online), showed the following market

levels (the table below shows comparison figures for the following market share at 31 December 2006:

In 2007 market share remained more or less stable compared with 2006 in the MTA and SeDeX branches, but went up in the MOT segment and the IDEM circuit.

	2007	2006	Change %
MTA	2,51%	2,51%	0,00%
(in trading after hours)	-5,73%	-6,12%	-6,37%
SeDeX	0,21%	0,31%	-32,26%
MOT	16,83%	3,48%	383,62%
IDEM - S&P/MIB Future	7,14%	5,91%	20,81%
IDEM - MINIFuture	26,42%	22,02%	19,98%
IDEM - S&P/MIB Option	14,14%	13,51%	4,66%

(Source: Assosim)

SECURITIES TRADING FOR THIRD PARTIES

Traditional trading

2007 closed with revenues from pure trading slightly on the increase compared to the previous year (approx +3%); this increase shows a strong dichotomy: on one hand the negative trend continued due to reduced activity in the managed segment (-18% approx); on the other hand trading on the administered segment showed a good increase (+21% approx).

The positive dynamics of administered savings coincided with the return on B.O.T. (Treasury Bonds), particularly in the first half of the year, which received numerous sums from funds, particularly liquidity funds, also thanks to the positive dynamics of interest rates. In the second half of the year we saw a flight-to-quality effect (a "phenomenon" that is often reported in economic journalism: in critical situations such as the economic situation seen in the last part of 2007, there is a tendency to purchase quality securities that are less risky, with a consequent sale in shares) particularly on government securities, following the crisis triggered by US subprime mortgages.

The increase in regulations (Savings Law, MIFID Directive) and the increase in competition forms the backdrop for traditional trading.

Introduction of the MIFID Directive from 1 November 2007 will produce its effects during the next three-year period, with impacts on incoming and outgoing ordering services. In particular, failure to meet the obligation of concentration of exchange will increase potential locations and this in turn will produce greater costs, incurred by the bank, for access to these new locations, in addition to the new compliance costs (e.g. demonstrating Best Execution and updating of IT procedures). For these reasons, net trading margins are likely to decrease compared to recent years.

Hence, in order to continue a successful policy, it will be necessary to:

- evaluate compliance with new execution locations (for this, there needs to be analysis of adherence to TLX and EuroTLX markets from 1 November 2007);
- continue with the standardisation of operating procedures for the distribution network, via a single operating platform;
- continue restoring productivity by completing the Single Trading Platform;
- maintaining a strong handling of operating risks.

Trading On Line

In 2007 management of the trading online business continued in the fundamental directions of previous years, with particular emphasis on developing trading volumes and on direct training. In terms of projects, the year saw the introduction of MIFID regulations and completion of the Group's new trading on line platform.

In terms of transactions, there was a 2.1% increase in total volumes, including orders/completed contracts, compared to the previous year and more or less in line with the annual budget. The largest contribution came from derivatives, which went up by around 6%. The share component remained more or less the same (-0.5%).

Trader account stock increased by around 1% (on which dedicated promotions were carried out on the Euro account and dollars), meanwhile customers of the special Sella Extreme platform increased by approximately 5.6%, although operative customers on the platforms declined slightly.

The volume of trading commissions increased by 2.1% over the previous year, in line with the budget, despite a drop in mean commissions on foreign markets (around -8% on foreign derivatives and -5% on foreign shares). There was a slight drop in mean commissions on Italian derivatives (-2% approx.), while there was an increase in Italian shares (+ 3% approx.).

Market shares recorded a fall on Italian markets (particularly the Italian share market, minifutures and options), while there was an increase in traded derivatives on the German market of Eurex derivatives.

The main projects during the year were:

- launch of the new platform TOL GBS which, during 2008, will replace the TOL Plus, web derivatives and mobile platforms;
- joining and connection to the TLX regulated market;
- creation of the "best execution engine" on the online bond market and the TLX regulated market;
- updating of TOL applications to MIFID standards;
- direct access to price information on the German Eurex derivatives market;

- updating of IT applications to new information flows of Borsa Italiana DDM Plus.

Training remains a fundamental element of the offering to TOL customers. 53 days of training were carried out. This number is slightly down on 2006 (66 days), owing to the fact that training was concentrated on courses with greater redemption (i.e. number of new accounts opened per total non-customer participants), which went from 44% to 60%. Total participants were 379 in 9 Italian cities.

As in previous years the TOL department took part in the main events of the sector, such as the "Italian Trading Forum" in Rimini, the "TOL Expo" and "Commodity day" in Milan. Events which included free training days and demonstrations of the features of the new trading on line platform, and the new version of the Sella Extreme professional platform.

OWN ACCOUNT TRADING ON FINANCIAL INSTRUMENTS AND TREASURY ACTIVITIES

During 2007 own account trading provided a strong contribution to the growth of the income statement in terms. The Bank maintained its status of Primary Dealer on the MTS (computerised market in government securities), with a market share amounting to 2% (1.8% in 2006) and with satisfying income results, despite being down on the excellent figures of the previous year. A very positive contribution to the operating result came from dealer activities on the secondary market for Greek government securities (HDAT).

Own account activities on the MOT (online bond market) recorded a strong rise in volumes and progressively increasing income results.

The volumes exchanged on the MTA (online share market) during 2007 in own account trading activities alone, recorded a strong rise, compared to the previous year. The income results of the shares desk recorded an increase compared to 2006.

Activities on derivatives concentrated mainly on instruments listed on regulated IDEM markets (Italian Derivatives Market), Eurex, to a lesser extent, on the

LIFFE (London International Financial Futures and Options Exchange). In general, dealings in derivatives instruments listed on regulated markets grew significantly compared with 2006.

In the IDEM market the equity derivatives desk maintained its primary market maker role in the options on the S&P/MIB stock exchange index and the MiniFuture market on the same stock exchange indicator, leading to excellent income results.

The operations on the markets of the spot and forward exchanges confirmed the prevalence of the operations on the spot market with brokered values amounting to approximately €91 billion, up on the previous year.

In the money market, the Bank's operations fell on the interbank market for deposits owing to the contraction in volumes following the events of US subprime mortgage crisis (total volumes with counterparties outside the Group, on the e-MID and OTC market, amounting to €59.4 billion) and increased its operations on the sale with repurchase market (total volumes on MTS PCT amounting to €326.3 billion). Overall, the Foreign Exchange and Money Market desks traded at a profit but did less business than in previous years.

The activities of the Group's Integrated Treasury continued to give better and more efficient management of liquidity (much needed in a highly turbulent context of the second half of the year), better monitoring and control of interest and exchange rate risks at the consolidated level and more careful Group ALM (Asset Liability Management).

PAYMENT SYSTEMS

As for P.O.S. systems (Point Of Sales), there has been an increase in the number of appliances installed and in relative volumes due to the offer of innovative products

such as the value-added and customer loyalty services, including: electronic cinema voucher, fidelity cards and gift cards. These services are offered by Easy Nolo, a Group that specialises in the development of technologically innovative solutions.

The terminals continued to migrate to the new microcircuit technology, also in order to reduce the frauds arising from tampering with magnetic-tape terminals. So far, more than 50% of the terminals installed with our customers have the new technology.

There was a satisfying increase in the number of credit and debit cards issued and in spending volumes (+9.4%). Business continued over the year through the distribution channels aiming to increase the segment of products geared to companies (business, corporate and travel cards) and to individuals, in particular through the instalment and rechargeable pre-paid cards.

The activity of developing the co-branded sector was also further developed in collaboration with several commercial partners in order to win new customers who do not yet have an account with the Group.

During the year, satisfying results were achieved in the area of credit card fraud prevention, with a reduction of around 40% in the overall value of frauds.

In the e-commerce sector, owing to the success of the advanced Gestpay Server to Server service that is particularly appreciated by customers because of its ease of use comprehensive functions, satisfying results were achieved in terms of growth in volumes and revenues (+24.75%).

During the year work began to update ATM technology to support cards with microchips, and to date, more than 70% of our automatic machines accept cards with the new technology.

■ OPERATING STRUCTURE

RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

In 2007 the parent company Sella Holding Banca directed and coordinated control of exposure to risks assumed by companies of the Group during ordinary and extraordinary activities, delegating the operational aspects to Risk Management and Control. This service has the objective of measuring, predicting, and supporting the management of total exposure to operating, market and credit risk of the entire Group, having constant access to the information and accounting and management data of all the subsidiaries and monitoring the risk-performance combination in the different businesses.

Operating risk is defined as the risk of losses arising from the unsuitability or dysfunction of internal processes, persons or systems or of external events, or the risk of incurring losses arising from internal/external fraud, legal risks (failure to meet contractual obligations), shortcomings in internal controls or information systems, natural disasters.

Detrimental operating results consist of individual events due to the inefficiency or malfunctioning of processes, staff, systems or external events, which generates one or more operating losses.

The operating risk in fact refers to all the shortcomings of current activities of the companies of the Group that are not directly related to credit and market risks or exogenous factors that could harm the companies.

In order to identify and mitigate operating risk, the Risk Management and Control unit mapped and validated the Gruppo Banca Sella business processes, assigning a risk rating to each process (riskiness of process in the absence of any controls) and a residual risk rating (riskiness of process taking account of the mitigating effect of the controls carried out to prevent risky events and reduce negative effects). Particular attention is given to the correspondence of the operating map with the reality of the underlying process. The analysis becomes the basis for constant, continuous and systematic action closely linked to the physiological maintenance and update of processes and existing controls, the creation of new

processes or their likely elimination, internal evidence deriving from anomalies or the outcome of audits, and manifest external evolution of risks.

In order to improve the culture of Group employees concerning operating risks and handling of anomalies, the Risk Management and Control unit has extended use of the "Control Cycle" IT platform to all Group companies. This process involves the classification and handling of anomalies, supported by special software, which regulates correct allocation to the processes generating these anomalies, assignment of follow-up responsibilities, and tracing and handling of elimination of anomalies and their causes. February 2007 saw the end of the tour of training workshops (which began in September 2006) aimed at demonstrating use of the tool and, at the same time, heightening awareness among colleagues at all levels, regarding the issue of risk and particularly operating risk. New refresher courses will be held for all employees from the first quarter of 2008, aimed at improving use of the Control Cycle and its effectiveness as a follow-up management tool.

The monitoring of risk translates into reporting functions targeted at all levels of the company's organisation, in accordance with regulations that call for immediate communication of operating risks. In order to implement proactive management of operating risk, the Risk Management and Control unit thus produces regular summary and detailed reports showing the degree of risk of each group company regarding:

- detrimental events and the operating losses notified in the Control Cycle database (highlighting more severe anomalies);
- actual effectiveness of existing manual line controls;
- the overall operating risk based on the main KPI (Key Performance Indicators) and KRI (Key Risk Indicators).

The Risk Management and Control department also implemented the processes for assessing and monitoring exposure to market risk and its various configurations (interest rate risk, exchange rate risk, counterparty risk) regarding the finance and trading activities and portfolios of the Group, also constantly monitoring the risks invol-

ved in the asset management of individual and collective portfolios of the companies of the Group and assessing the risk/performance of distributed insurance products.

The Risk Management and Control unit also contributes to handling credit risk by seeking more accurate measurements, in line with national and international best practices.

INFORMATION TECHNOLOGY

Information technology applications continued to be developed, great attention being paid to honing the skills of staff, analysis and programming resources and the flexibility of the architecture of the information system.

The various activities include the following:

- procedures and activities required for the merger between Banca Patrimoni and Sella Consult;
- implementation of the instruments needed for updating to MIFID standards;
- extending the tools required for providing better information to customers and better supervision of the managed portfolios;
- enhancing of automatic control systems in technological infrastructures of the Press Centre and certification for mass mailing;
- enhancing the automatic controls in the information procedures and extending these controls to the use of operating masks;
- maintaining and increasing the efficiency of the central infrastructures of the data centre in order to keep them technologically up to date and make them suitable for supporting the growth of volumes and reducing energy consumption;
- implementation of the instruments needed for updating to BASILEA2 standards;
- operating launch of "Carta Lis", the electronic money devised in collaboration with Lottomatica;
- continuing the migration of the procedures of the information system to the new "open" technology based on three-level architecture that implements the concept of a "service-based system" that can be

reused to generate operating efficiency; the project is due to end during 2008;

- review of AS400 infrastructure dedicated to Group companies that operated in consolidation of existing machines in a single centralised structure;
- continued collaboration with the University of Trento to train foreign staff, in particular Indian staff, scholarships being provided by the Bank to fund post-graduate degrees in Italy;
- continued optimisation of the procedures for improving processes alongside analysis, architecture and code quality controls, as part of the development process to improve the governance of the Group's application portfolio;
- modernisation of Microsoft infrastructures for office automation and Group e-mail. The project includes renewal of branch terminals, replacement of old CRT monitors with LCD screens and will continue in the first half of 2008;
- introduction of "virtualization" techniques into central systems aimed at greater use of processing power.

RESEARCH AND DEVELOPMENT

The Bank did not conduct pure research and development but paid greater attention to innovation in the field of new products and new channels and technological innovation. It took part in working and research parties run by the Associazione Bancaria Italiana (Italian Banking Association), including the ABILAB Committee (which is involved in "technological research in a pre-competitive environment in the banking world" with specific reference to the group addressing data security and business continuity).

IMPROVING PRODUCTIVITY

In order to encourage the further improvement in Group productivity, the "Banking Services" department

coordinated projects aimed at reducing the weight and cost of administrative tasks and/or those with little added value.

This objective was pursued during the year through delocalisation of administrative activities to the foreign service centre in order to gain more flexibility in pursuing greater efficiency and taking the opportunities offered by international distribution of work, also considering that this is also widely used by the main foreign competition. Delocalisation mainly affected processes of the parent company and Group banks and a number of processes and tasks of other Group companies.

At the Group level over 23 administrative tasks were outsourced and we were able to assign the human resources that were released from them to new business and/or customer contact tasks and to reinforcing teams and control activities.

Italian banks and networks continued to collaborate in organisational activities and projects to improve the efficiency of the distribution network in order to improve task specialisation, reorganisation of the layout of branches, improving and simplifying work processes.

HUMAN RESOURCES

MANAGING AND DEVELOPING HUMAN RESOURCES

At 31 December 2007 the Bank had 1,159 employees, 54 more than the previous year. 33 employees were on unpaid or maternity leave.

The increases in the number of staff were due to:

- the development of certain headquarters facilities that required highly professional and skilled people to be hired who immediately raised the level of services and contributed to the development of employees;
- increase in staff to cope with the ongoing process of centralisation in the parent company of the activities of the companies of the Group;
- enhancing of structures dedicated to monitoring and control.

170 new staff were hired over the year, 4 of whom were hired from other companies of the Group. The new entries break down as follows: 8 professional apprenticeship contracts, 27 contracts for people entering the labour market, 100 fixed-term contracts and 35 permanent contracts. 116 people were shed (1 for retirement, and 8 transferred to other companies of the Group).

At the end of the year the average age of employees was 35 years and 9 months and they had 8 years and 3 months' seniority on average: both figures are slightly higher than the previous year.

Bank staffing costs amounted to approximately €62 million, up 8.5% on 2006. A significant portion of the remuneration of many employees is also dependent on reaching set targets that are above all connected to completing assigned projects on time and maintaining service levels.

OUTLOOK

THE MACROECONOMIC SCENARIO

It is thought that world economic development may slow down in 2008, as a consequence of the financial crisis stemming from the US subprime mortgage situation.

The dynamics of private consumer spending in developed countries may be negatively affected by the expected worsening of the employment market, inflationary pressures linked mainly to the food and energy sectors and by the continuing credit crunch. This last factor may also weigh on the investment plans of companies, which are already showing a drop in confidence indexes. The residential property market should continue the weak phase in the US and in Eurozone countries, where considerable growth rates have been recorded in the sector.

The Euro area, and Italy in particular, should also be affected by a slowdown in exports, resulting from the worldwide negative growth trend and appreciation of the euro.

The development prospects for emerging countries are conditioned by the evolution of global economic situation, particularly with regards to the slowdown in exports and a slight rise in the prices of raw materials, which are factors that are not to be ignored. Nevertheless, the improvement in the fundamental macros of most emerging countries, and especially the appearance of a considerable domestic demand, should guarantee good levels of growth.

In terms of consumer prices, despite the expectations for gradual stabilisation of the price dynamics of energy and food commodities, the base effect of these two sectors should keep inflation rates high during 2008.

With reference to the dynamics of interest rates in the US and the Eurozone, short-term rates should be affected by the continued expansive monetary policy of the Federal Reserve and by the possible transition of the European Central Bank to more expansive mea-

asures. After an initial weak phase, and in a context of gradual relief of the tensions regarding growth dynamics and the continuing inflationary pressures, long-term interest rates should show a tendency to rise in the US and in the Eurozone during 2008.

In the light of the situation described above the Italian credit and financial system can be expected to develop in the following ways:

- moderate income growth prospects in view of Italy's economic performance and the crisis in the financial markets;
- slight deterioration in credit risk owing to less economic growth;
- keener competition and changes to the competitive situation due to concentrations of bank groups through mergers and the increasingly important role of foreign operators; these phenomena should nevertheless create opportunities for banks with deep roots in the country, especially in terms of customer relations;
- constant increase in the cost of compliance arising from the set-up of numerous European innovation programmes (Basel II, Mifid, Sepa) and the control structures required as well as organisational modifications;
- transformations in consulting and savings management activities owing to new standards (MiFid) and the evolution of the financial markets, and, at the same time, gradual development of pension funds and similar social security instruments;
- changes in the social fabric and in the demographic effects of the population, with an increase in the "over 50" and immigrant segments;
- progressive growth in technological innovation as a deciding factor for the banking and financial sectors, both in terms of company organisation, risk control and patterns of interaction with customers;
- increase in operating risk.

STRATEGY, VOLUMES AND PROFITABILITY OF THE BANK- OVERVIEW OF STRATEGIC PLAN 2008-2010

In view of the external outlook the Bank will have to follow the guidelines set by the Group's Strategic Plan, pursuing excellence and a company philosophy that is based on strict ethics and codes of practice in order to improve profitability and competitiveness.

In line with the provisions of the previous plan, the Group will continue to point its strategies for the three-year period 2008-2020 in the following directions:

- **growth** both in size and in number of customers, including via the development of alternative online channels;
- **efficiency** through continuous enhancement and deep innovation of organisational models and greater effectiveness of **controls**;
- **excellence**, meaning an inspirational principle in organisational choices, in product offerings and in selection of human resources, with the aim of standing

out in the eyes of customers for higher service quality and greater risk control.

The above guidelines will be implemented through:

- consolidation and completion of activities and role of the parent company, with fine-tuning of governance, planning and control processes, also in order to provide better support to the development of Group companies;
- simplification and innovation of operating processes;
- continuation of automation plans, aimed at reducing the deployment of human resources in administration tasks;
- review and innovation of credit management organisation;
- high and constant investment in training and developing human resources;
- constant updating of Direction and Coordination Map for optimal division of mandates and responsibilities.

SIGNIFICANT EVENTS OCCURRING AFTER THE CLOSE OF THE FINANCIAL YEAR

On 31 March, Sella Holding Banca S.p.A. changed its company name to Banca Sella Holding S.p.A.

OWN SHARES AND SHARES OF THE PARENT COMPANY

During the year, the Bank did not hold, nor does it currently hold any shares of its own or of its parent companies.

EQUITY INVESTMENTS AND DEALINGS WITH GROUP COMPANIES

The set up of Gruppo Banca Sella at 31 December 2007, together with the main shareholdings, are shown in the Group prospectus on the first pages of these financial statements. The value of the Bank's equity investments increased by €55.4m compared with 2006 and at the end of the year they amounted to €702.6m, of which €665.7m in Group companies. The most important changes to the Bank's equity investments portfolio up to 31 December 2007 were:

Increases

- the purchase of 25,250 Sella Gestioni SGR shares, amounting to 0.133% of company capital, with a consequent increase in our shareholding from 74.652% to 74.785%;
- the purchase of 17,625 Biella Leasing shares, amounting to 0.070% of company capital, with a consequent increase in our shareholding from 76.841% to 76.911%;
- the purchase of 1,000 Brosel shares, amounting to 0.500% of company capital, with a consequent increase in our shareholding from 60.500% to 61.000%;
- the purchase of 6,750 Consel shares, amounting to 0.023% of company capital;
- the purchase of 4,650 Sella Capital Management SGR shares, amounting to 0.047% of company capital, with a consequent increase in our shareholding from 85.926% to 85.973%; after transferring its savings management division to Sella Gestioni SGR, on 18 September 2007, the company went into liquidation;
- the purchase of 400,000 Intesa Sanpaolo shares, amounting to 0.0031% of company capital;
- the purchase of 7,819 Asteimmobili.it shares, amounting to 0.221% of company capital;

Capital Operations

- interest-free loan to Immobiliare Sella, to fund expected real-estate investments amounting to 6.0 million euros;
- Bank's subscription (76.86%) and unexercised shares (0.3%) of the capital increase amounting in total to €2.04 million in addition to €7.16 million share

premium, decided by Consel;

- in December 2007 Consel decided on a capital increase reserved to Toro Assicurazioni S.p.A. (Gruppo Assicurazioni Generali) of a total of €40m (of which €32.6m was a share premium), to be released in three instalments, which will allow the insurance company to purchase 32.5% of the share capital of the consumer credit company by 30 December 2009 (in December 2007 Toro Assicurazioni subscribed and paid up the first increase instalment, amounting to 27.8075% of share capital). This operation, which set off a collaboration that will result in an industrial plan aimed at obtaining important synergy between Consel products and the Toro Assicurazioni sales network, led to a reduction in the Bank's shareholding in Consel to 55.525%;
- underwriting of the unexercised shares of the capital increase decided by Easy Nolo led to an increase in the shareholding from 84.444% to 84.737%;
- following the merger of SIA into Società per i Servizi Bancari, which changed its name to SIA-SSB, the Bank's shareholding was reduced from 1.160% to 0.565%;
- the underwriting of 254,807 shares in Pro MAC - Società di Promozione del Mercato Alternativo del Capitale S.p.A. of the 4,880,000 issued for the capital increase; this operation led to an increase in the shareholding from 4.111% to 5.195%;
- the underwriting of 20 shares in Pallacanestro Biella of the 600 issued for the capital increase, not yet terminated; this operation led to an increase in the shareholding from 3.125% to 3.362%;

Reductions

- transfer of the entire shareholding (0.362%) in SI.TE.BA.;
- transfer of the entire shareholding (3.353%) in I.A.I.S. - Interporto dell'Area Ionico-Salentina;
- the sale of 17,000 shares of Mastercard Inc., amounting to 0.0003% of company capital, with a consequent reduction in our shareholding from 0.0006% to 0.0003%;

Other Operations

- as shareholders in Borsa Italiana (520,744 shares or 3.83% of share capital), the Bank took part in the share exchange between Borsa Italiana and London Stock Exchange Group, acquiring 2,551,646 shares in the London stock exchange, or 0.913% of its share capital; considering the difference between the balance sheet value of Borsa Italiana shares and the quotation of London Stock Exchange Group shares (16.46 GBP) and the pound sterling/euro exchange rate (0.6974), on the day of exchange (1 October 2007), this operation led to "profits from dismissal of financial assets available for sale" of €52.9m. The stake in London Stock Exchange Group then decreased to 0.465% following sale operations on the market, generating a further €1.1m in profits;
- following the merger of Sella Consult SIM into Banca Patrimoni, which changed its name to Banca Patrimoni Sella & C., the Bank's shareholding was increased from 56.114% to 68.190%;
- following Sella Holding Banca's takeover of Sella South Holding, the parent company gained control of Banca Arditi Galati (51.250%), Banca di Palermo (93.200%) and Banca del Lavoro e del Piccolo Risparmio (0.300%);
- with the deposit of the final liquidation balance with the Milan Companies Register, Sella Capital Markets SIM was wound up;
- following the partial demerger of Finpiemonte, and assignment of part of its assets related to the management of equity investments, and later transfer of the shares of the demerged company to Regione Piemonte, the Bank remained a shareholder of Finpiemonte Partecipazioni (beneficiary of the demerger) with a stake of 0.616%.

Commitments

a) Commitments to Sella Bank Luxembourg

The operating management of Sella Bank Luxembourg in office at the time, replaced by the parent company following inspections started in November 2003, which were later subject to criminal investiga-

tion, is responsible for the subsidiary's involvement in several judicial disputes, and extrajudicial proceedings with third parties, most of which were brought during previous years, and reported in the statements of those years. It is essential to differentiate between two aspects of the dispute for procedural and substantive reasons: one deriving from the role of Sella Bank Luxembourg as custodian of the open-end investment companies Amis and TTM, with consequent indirect involvement in the activities of the Amis AG group on the Austrian and German markets, the other derives from the role of Sella Bank Luxembourg towards several BVI funds and related management companies and/or sub-management companies.

In this context, and with reference to the dispute involving Amis and TTM, during 2007, Sella Bank Luxembourg was charged with claims for €12,396,063.54 from Austrian and German buyers of the "Vario Invest" product placed on the market by Amis AG (and/or its subsidiary/associated companies), for which, until 4 March 2004, Sella Bank Luxembourg had acted as mere "collector" of monies from investors through "own accounts" held with RaffaisenBank et Deutsche Bank.

In the other dispute generated by BVI funds, again in 2007, Sella Bank Luxembourg was charged with a further claim for a total of USD 1,766,758.22, in addition to a summons for claims for USD 18,362,228.63 and €470,811.96, increased by interest and already part of a previous risk assessment claim.

Hence, at 31 December 2007, the overall amount for the risk of potential risks charged to Sella Bank Luxembourg rose to €113,104,000 and Sella Holding Banca renewed its letter of financial support and guarantee for this amount to its subsidiary to enable it to observe the minimum capital limits. The potential charges and liabilities regarding the commitment of financial support to the subsidiary were assessed by employees of the Group and checked by independent auditors and were supported by the legal opinions of experts in the field.

It is important to emphasise that, with the support

of the parent company, Sella Bank Luxembourg immediately engaged legal experts from the countries in which claims were made against the bank (Austria and Luxembourg), with the task of mounting the best defence for the subsidiary. Given the international scope of the dispute and the consequent need for coordination, Sella Holding Banca chose to place other professionals (Italian and Belgian) alongside the lawyers, in order to prevent the risk of a "fragmentary" defence, based solely on national legal and judicial contexts and to ensure recognition in the event of any jurisdictional claims and/or enforceability of settlement agreements other than those deriving from and important for the activities of Sella Bank Luxembourg.

With the legal winding up of Amis and TTM, which, in 2006 had made legal claims for a total of €70,176,545.68 (€9,000,000 of which in expenses), 21 March 2008 saw the conclusion of a settlement involving the payment of €25,500,000 by Sella Bank Luxembourg, destined to covering (and ending related disputes) the proceedings for winding up by the court and claims from Vario Invest customers, who invested before 4 March 2004 (date on which the open-end investment companies were suspended by the CSSF (Regulatory body of financial services) after which the subsidiary holds no legal responsibility), claims that the receivers have agreed to "handle" as part of the winding up procedure, owing to the commingling between the receivables of the open-end investment companies and monies from Vario Invest investors. The settlement is now the subject of validation proceedings at the court of Luxembourg, in which Sella Bank Luxembourg is likely to be a party: for this reason, the above mentioned, financial support to the subsidiary is still destined to cover the entire sum claimed by the receivers.

Again with reference to the dispute involving BVI funds, there remains the possibility of negotiations between the parties, which will allow to better coordinate the role of the bank with funds, on one hand, and with regard to management companies or other companies interested in the management and advisory

ring on management by others.

The outcome of the activities carried out and described above is in line with the amount set aside and indicated in Table 12.1 "Breakdown of Provisions for risks and charges" in section 12 part B of the Notes to the Financial Statements.

b) Commitments to minority shareholders of the Group

As parent company responsible for drafting the consolidated financial statements of Gruppo Banca Sella and in the interests of complete information, we show the considerations for commitments towards several minority shareholders in companies of Gruppo Banca Sella, that Sella Holding Banca held until the end of February 2007.

These considerations can refer exclusively to the consolidated financial statements to 31 December 2006 and not to the individual statements of Sella Holding Banca drawn up to the same date, in that they are not applicable to individual statements but only to the process of consolidation.

The literal expression of a number of agreements that we called "commitments to be placed", which Banca Sella S.p.A. (and later Sella Holding Banca) had entered into at the time, the first from 1996, with minority shareholders of several companies in our group (Banca Ardit Galati S.p.A., Banca Patrimoni Sella S.p.A. and B.C. Finanziaria S.p.A.), could give rise to an interpretation that is certainly not in line with the intentions of the parties.

Owing to the "closed" nature of the shareholders of the banks involved, which are not listed, these "commitments" destined to facilitate the possibility of disinvestment by the aforesaid minority shareholders: some of these shareholders were allowed the opportunity of mobilising their shares by commitment (of the majority shareholders of Sella Holding Banca) to place them with third parties (at a certain minimum price or floor), with an obligation, after a certain amount of time, to advance the amount (the counter value of the missed placement) after a suitable lapse of time, in

the form of credit payable by Sella Holding Banca to minority shareholders.

It was intended to give details of a constant and coherent policy of collaboration among majority and minority shareholders, guaranteeing concrete help, without explicit obligations, in the event of unexpected needs inducing minority shareholders to seek liquidity, even if transient. Moreover, this spirit of collaboration is at the base of the company structure, as demonstrated by the continuous involvement of minority shareholders in all new projects to reorganise the Group, where roles and responsibilities are assigned to various representatives of shareholders.

The analyses made by the parent company had led to the conviction that proper representation in the financial statements meant disclosure of the overall sum of "commitments" in part B of the Notes to the consolidated financial statements (table "Guarantees given and other commitments" in the section entitled "Other information").

In order to remove all interpretational uncertainty regarding the nature of the abovementioned "commitments to be placed" during 2006 Sella Holding Banca, and barring two that were replaced within the first two months of 2007, replaced the previous agreements with differently formulated agreements that were not subject to interpretational doubt. The new agreements were identified as no longer having the commitment of placement with third parties, but rather a "mandate to facilitate" placement. We considered that replacement with no charge validated the formulation used to represent previous agreements. For this reason, in the consolidated financial statements to 31 December 2006, the two agreements were disclosed, as in all previous years, in the notes to the financial statements in the table "Guarantees given and other commitments" in the section "Other information". As noted in the comment, the balance entered under the item "Other commitments" in the same table includes the sum of €34,953,000 from the valuation of the two aforementioned agreements that were still in existence at 31 December 2006, according to the contract ru-

les to determine advances due to subscribing minority shareholders, in the event requested on that date.

According to the procedure of the Supervisory Authorities, as seen in the inspection documents, treatment of the two "commitments to be placed", on the basis of the "Nuova disciplina dei filtri prudenziali" (New discipline for prudential filters, December 2005) and the "Nuove disposizioni di vigilanza prudenziale per le banche" (New regulations for prudential supervision for banks, Memorandum no.263 of 27 December 2006) led to the classification of these contracts and their assimilation to a put option, among financial liabilities and would therefore determine disclosure of:

- greater sums "due to customers" amounting to €34,953,000, or the value of the advance, if it had been granted by Sella Holding Banca;
- lower "third-party assets" amounting to €16,709,000, or the value of the shareholders' equity corresponding to the shares of the minority shareholders with "commitments to be placed";
- a "negative provisions of Group shareholders' equity" amounting to €18,244,000, or the difference between the advance and value of the shareholders' equity corresponding to minority shareholders with "commitments to be placed";

To sum up, disclosure of "mandates to be placed" according to the cited formulation would have led to a reduction in consolidated capital for supervisory purposes to 31 December 2006, or the sum of the "third-party assets" (€16,709,000) and the "negative reserve of Group shareholders' equity" (€18,244,000) amounting to a total of €34,953,000 compared to the amount achieved by Sella Holding Banca.

The table below shows capital for supervisory purposes (figures in thousands of euros), as published in section F of the consolidated financial statements to 31 December 2006. The column headed "Adjusted total 2006" shows the values determined according to the formulation by the supervisory authority.

CAPITAL FOR SUPERVISORY PURPOSES

	Total 2006	Adjusted total 2006
A. Tier 1 capital before application of prudential filters	380.581	345.628
Prudential filters of base capital		
- Positive IAS/IFRS prudential filters		
- Negative IAS/IFRS prudential filters	3.474	3.474
B. Tier 1 capital after application of prudential filters	377.107	342.154
C. Tier 2 capital before application of prudential filters	352.154	352.154
Prudential filters of additional capital		
- Positive IAS/IFRS prudential filters		
- Negative IAS/IFRS prudential filters	30.942	30.942
D. Tier 2 capital after application of prudential filters	321.212	321.212
E. Total Tier 1 and Tier 2 after application of prudential filters	698.319	663.366
Elements to be deducted from the total Tier 1 and Tier 2	48.941	48.941
F. Capital for supervisory purposes	649.378	614.425

As a consequence, the supervisory ratios, shown in the paragraph on capital adequacy section F of the consolidated financial statements to 31 December 2006,

would be modified as follows (figures in thousands of euros):

C. RISK ASSETS AND SUPERVISORY RATIOS

	2006	Adjusted 2006
C.1 Risk-weighted assets	6.479.285	6.479.285
C.2 Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)	5,82%	5,28%
C.3 Capital for supervisory purposes/risk-weighted assets (Total capital ratio)	10,21%	9,68%

As already mentioned, the agreements still in existence at the end of 2006 were closed and replaced with no charge by February 2007, and hence before the meeting of the board of directors that approved the 2006 financial statements.

Moreover, regardless of the literal expression of the contract clause (the involuntary classification error provided justification for the cautionary administrative

sanction), there is confirmation of the actual will of the parties to simply establish a commitment to facilitate "placement" and hence a commitment "to place". All of this can only lead us to express our regret for what has happened.

The amount for €34,953,000 should be eliminated from the item "commitments", as shown in the table below (figures in thousands of euros).

1. Guarantees given and commitments

Transactions	Banking Group	Insurance companies	Other companies	Total 31/12/2006	Adjusted Total 31/12/2006
1) Guarantees of a financial nature	46.355	-	-	46.355	46.355
a) banks	8	-	-	8	8
b) customers	46.347	-	-	46.347	46.347
2) Guarantees of a commercial nature	238.722	-	-	238.722	238.722
a) banks	144	-	-	144	144
b) customers	238.578	-	-	238.578	238.578
3) Irrevocable commitments to lend funds	494.310	-	-	494.310	494.310
a) banks	199.698	-	-	199.698	199.698
i) certain to be called on	198.465	-	-	198.465	198.465
ii) not certain to be called on	1.233	-	-	1.233	1.233
b) customers	294.612	-	-	294.612	294.612
i) certain to be called on	140.750	-	-	140.750	140.750
ii) not certain to be called on	153.862	-	-	153.862	153.862
4) Commitments underlying credit derivatives: protection sales	-	-	-	-	-
5) Assets given as collateral for third-party obligations	87.420	-	-	87.420	87.420
6) Other commitments	139.605	-	-	139.605	104.652
Total	1.006.412	-	-	1.006.412	971.459

As a consequence, if the “commitments to be placed” had been disclosed along supervisory authority lines, replacement of the two remaining agreements within the first two months of 2007 would have cancelled the previous disclosures and thus restoration of €16,709m

of “third-party capital” and elimination of the €18,244m of “negative reserve of shareholders’ equity” and at the same time an increase in consolidated capital for supervisory purposes.

DEALINGS WITH GROUP COMPANIES

parent company and the other companies of the Group in terms of equity and income:

The following tables list the dealings between the

Banca Sella Holding S.p.A. relationships with Group Companies: income statement *(in thousands of euros)*

Company	Interest receivable and similar income	Interest payable and similar income	Commission income	Commission expenses	Personnel costs (*)	Other administrative expenses	Other operating costs	Other operating income
BANCA SELLA S.p.A.	42.584	92.193	13.766	6.830	(170)	(35)	384	42.828
SELLA GESTIONI S.G.R.S.p.A.	-	-	11	40	(476)	76	1	666
SELLA BANK LUXEMBURG S.A.	459	13.196	92	-	(106)	(14)	-	176
SELLA GESTIONI SGR.p.A.	-	-	405	-	-	-	-	4
BIELLA LEASING S.p.A.	29.673	-	-	-	(185)	(4)	-	540
SELLA CORPORATE FINANCE S.p.A.	-	-	-	-	(430)	645	-	32
IMMOBILIARE LANIFICIO MAURIZIO SELLA S.p.A.	-	-	-	-	(721)	648	-	155
IMMOBILIARE SELLA S.p.A.	-	-	-	-	-	-	-	26
SELLA SYNERGY INDIA LTD	-	-	-	-	-	1	-	61
BC FINANZIARIA	-	-	-	-	-	-	-	7
SELFID S.p.A.	-	-	-	-	(191)	(5)	-	20
BANCA SELLA NORDEST BOVIO CALDERARI S.p.A.	5.881	704	515	658	431	19	67	2.842
SELLA SOUTH HOLDING S.p.A.	448	-	-	-	-	-	-	27
SELLA BANK AG	1	298	-	-	(7)	(1)	-	40
SELLA CAPITAL MANAGEMENT SGR S.p.A.	-	-	-	20	(33)	(1)	-	83
BANCA DI PALERMO S.p.A.	1.368	212	307	510	329	(11)	62	1.806
SELLA HOLDING NV	731	-	-	-	-	-	-	-
CONSEL S.p.A.	26.933	-	-	-	(11)	-	-	404
BANCA ARDITI GALATI S.p.A.	342	1.250	488	735	361	-	76	2.825
BANCA PATRIMONI SELLA & C. S.p.A.	39	2.312	912	832	(1.142)	58	32	3.786
EASY NOLO S.p.A.	-	-	-	1.346	(543)	4.732	-	298
BROSEL S.p.A.	-	-	-	-	-	19	-	42
C.B.A. VITA S.p.A.	-	-	-	-	352	154	-	399
SECURSEL S.r.l.	-	-	-	-	-	-	-	8
SELLA LIFE LTD	-	-	-	-	26	(1)	-	75
SELIR	-	-	-	-	-	400	-	54
Total	108.459	110.165	16.496	10.971	(2.516)	6.680	622	57.204

(*) Amount with a negative sign refer to recoveries

Banca Sella Holding S.p.A. relationships with Group Companies: balance sheet *(in thousands of euros)*

Company	Financial assets held for trading	Loans to banks	Loans to customers	Other assets	Due to banks	Financial liabilities held for trading	Other liabilities
BANCA SELLA S.p.A.	7.596	1.096.679	-	25.844	2.346.616	16.444	7.075
SELLA GESTIONI S.G.R.S.p.A.	-	-	-	111	-	-	-
SELLA CONSULT Sim.p.A.	-	-	5	367	-	-	127
SELLA CAPITAL MANAGEMENT SGR.p.A.	-	-	-	17	-	-	-
BIELLA LEASING S.p.A.	46	-	745.512	133	-	963	-
SELLA CORPORATE FINANCE S.p.A.	-	-	-	8	-	-	478
IMMOBILIARE LANIFICIO MAURIZIO SELLA S.p.A.	-	-	1	82	-	-	401
IMMOBILIARE SELLA S.p.A.	-	-	-	25	-	-	-
SELLA BANK LUXEMBOURG S.A.	537	34.907	-	176	419.488	4.513	-
BC FINANZIARIA	-	-	-	2	-	-	-
SELFID S.p.A.	-	-	1	4	-	-	-
BANCA SELLA NORDEST BOVIO CALDERARI S.p.A.	287	186.244	-	772	21.054	209	743
SECURSEL S.r.l.	-	-	-	2	-	-	-
SELLA BANK AG	52	699	-	40	13.398	92	-
SELLA SYNERGY INDIA LTD	-	-	-	64	-	-	616
BANCA DI PALERMO S.p.A.	1.071	32.084	-	591	6.094	775	572
SELLA HOLDING NV	-	-	10.372	-	-	-	-
CONSEL S.p.A.	62	-	669.607	97	-	5.404	-
BANCA ARDITI GALATI S.p.A.	180	13.760	-	782	43.244	466	822
BANCA PATRIMONI SELLA & C. S.p.A.	104	318	-	1.273	79.814	204	409
EASY NOLO S.p.A.	-	-	1	100	-	-	575
BROSEL S.p.A.	-	-	-	10	-	-	-
C.B.A. VITA S.p.A.	-	-	3	218	-	-	-
SELLA LIFE LTD	-	-	-	19	-	-	-
SELIR	-	-	-	15	-	-	243
Total	9.935	1.364.691	1.425.502	30.752	2.929.708	29.070	12.061

INTENDED USE OF PROFITS

Dear Shareholders,

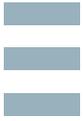
The balance sheet and the income statement for the year ended at 31 December 2007 were stated in euros in compliance with current legislation accor-

ding to the normal caution criteria and after the necessary write-downs and allocations showed a net result of euro 65,713,281.73, which we propose to distribute as follows:

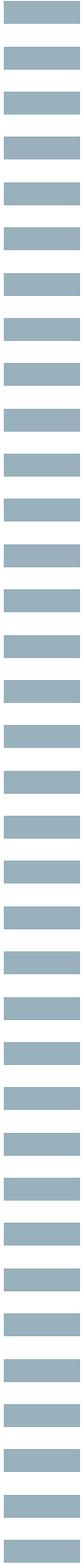
Operating profit	euro	65.713.281,73
- to the "Statutory reserve"	euro	26.285.312,69
Rest	euro	39.427.969,04
to shareholders:		
- dividend of 4.05 cents for each of the 160,000,000 shares	euro	6.480.000,00
and the rest to the "Extraordinary reserve"	euro	32.947.969,04

Biella, 28 March 2008

In the name of and on behalf of the Board of Directors
The Chairman of the Board of Directors
(Dr. Maurizio Sella)



REPORT OF THE BOARD OF STATUTORY AUDITORS
on the financial statements as at 31 December 2007



REPORT OF THE BOARD OF STATUTORY AUDITORS

Ai sensi dell'art. 2429 C.C.

Dear Shareholders,

Your Company, which changed its name on 1 January 2006 to Sella Holding Banca, is a provider of services such as payment systems, acting as a custodian, finance and online services to all the banks and other companies of the Group.

In the eleven sessions held during 2007, the Board of Statutory Auditors performed its duty of supervision and monitoring of the affairs of the company, with particular reference to the aspects concerning the various standards that regulate company and banking law.

Furthermore, and in particular:

- we attended all meetings of the Board of Directors held in 2007; we obtained reports from the directors on a monthly basis on the activities performed and on the most important economic, financial and equity operations performed by the Company, ensuring that the operations decided and carried out complied with the law and the articles of association and were not clearly imprudent, hazardous, in conflict with the motions passed by the Shareholders' Meeting or a potential conflict of interest and, if so, ensuring that the parties involved abstained from them;
- we also attended the nine meetings of the Audit Committee and the two shareholders' meetings;
- we have familiarised ourselves and monitored to the best of our ability the suitability of the organisational structure of the Company, making further improvements in this respect and have monitored compliance with correct accounting standards, through direct observations, gathering information from heads of departments and meetings with the independent auditing company and with Internal Auditing, for the purposes of an exchange of data and relevant information;
- we have assessed and monitored the suitability of the

internal audit system and of the bookkeeping and accounting system and the reliability of the latter for correctly reporting financial data by obtaining information and examining of Company documents;

- we have had no news of the presentation of complaints pursuant to article 2408 of the Civil Code;
- we ascertained that the capital adequacy ratio required for the purposes of supervision was calculated in compliance with the conditions set by Banca d'Italia and is greater than the prescribed coefficients, as the Tier 1 capital adequacy ratio of 13.55% and the total capital adequacy ratio of 21.47% are much greater than the prescribed minimum of 7%.

No events emerged that are such as to require reporting to the supervisory and control organs or mention in this report.

* * *

The financial statements for 2007 were reported in accordance with IAS/IFRS standards (now only IFRS) and the year ended with a net result of €65,713,282, much higher than the 2006 result, owing to the events of 2006, with which you are already familiar, which led to heavy allocations to the risk fund that year.

In the Notes to the Financial Statements the directors provide the information required by law and the other information regarding the features of the business and the sector of activity. The directors' approach in our opinion meets cognitive requirements and appropriately reflects the events that gave rise to the financial movements and their influence on the liquidity and solvency of the Company.

In their report, the Board of Directors illustrates the performance of the Company over the year and likely future developments in the light of known facts and rationally foreseeable facts and other information expressly requested by law.

The directors have appropriately illustrated intra-group dealings and dealings with associated parties, underlining that they were carried out according to specialisation and in compliance with current legislation and on the basis of assessments of mutual economic benefit.

We monitored the management activities, proper drafting of intragroup contracts and satisfactory completion of contracted services.

The independent auditors Reconta Ernst & Young S.p.A. – who were entrusted with the audit pursuant to article 2409b of the Civil Code – have informed us in the course of today's meeting, in which our respective activities relating to the year 2007 were collated, that on the basis of the work conducted to date, they will issue a favourable opinion on the financial statements for the year 2007 without comments.

The directors certify that they have applied the provisions set by international financial reporting stand-

Biella, 2 April 2008

ds and by Banca d'Italia Memorandum no. 262 dated 22 December 2005 and the structure and content of the balance sheet, income statement, explanatory notes (supplementary notes), the cash-flow statement and the statement of changes in shareholders' equity are satisfactory.

We confirm that we approve the reporting of costs as assets in the Balance Sheet and agree with the reasons for the depreciation method explained by the directors in the Notes to the Financial Statements.

* * *

Our investigation of the reporting and structure of the financial statements and the favourable opinion of the independent auditors lead us to consider that the financial statements are a true and fair account of the economic and financial situation of the Company and that they can be approved together with the proposal of the directors regarding the use of the operating result.

The statutory auditors

Alessandro Rayneri

Paolo Piccatti

Alberto Rizzo



**FINANCIAL STATEMENTS OF COMPANY AT 31
DECEMBER 2007**



BALANCE SHEET

Assets <i>(in units of Euro)</i>	31 december 2007	31 december 2006
10. Cash and available liquidity	70.099	4.532
20. Financial assets held for trading	412.865.191	469.591.505
40. Financial assets held for sale	40.298.928	50.618.426
50. Financial assets held to maturity	70.439.632	60.404.325
60. Loans to banks	2.738.902.003	2.364.035.894
70. Loans to customers	1.518.602.163	1.288.569.359
80. Hedge derivatives	2.155.951	1.699.780
100. Equity investments	666.296.138	636.593.134
110. Tangible assets	60.921.992	61.346.442
120. Intangible assets	24.242.437	17.431.296
of which:		
- goodwill	-	-
130. Tax assets	21.852.600	49.176.087
a) current	14.994.233	43.939.258
b) prepaid	6.858.367	5.236.829
150. Other assets	129.524.875	131.188.869
Total assets	5.686.172.009	5.130.659.649

LIABILITIES AND NET EQUITY <i>(in units of Euro)</i>	31 december 2007	31 december 2006
10. Due to banks	3.404.096.643	2.931.622.028
20. Due to customers	188.148.217	225.725.224
30. Outstanding securities	1.322.548.207	1.281.235.319
40. Financial liabilities held for trading	49.025.879	44.176.821
60. Hedge derivatives	8.132.948	226.739
80. Tax liabilities	2.300.506	2.244.622
a) current	2.290.107	2.244.622
b) deferred	10.399	-
100. Other liabilities	196.499.501	161.940.093
110. Employee severance payment fund	12.440.552	14.481.573
120. Provisions for risks and charges:	47.741.722	47.477.343
a) retirement and similar obligations	-	-
b) other provisions	47.741.722	47.477.343
130. Valuation reserves	21.965.996	55.566.248
160. Reserves	238.145.043	228.642.492
170. Share premium	49.413.513	49.413.513
180. Share capital	80.000.000	80.000.000
200. Profit for the year	65.713.282	7.907.634
Total liabilities	5.686.172.009	5.130.659.649

CONSOLIDATED INCOME STATEMENT

Items (in units of euro)	31 december 2007	31 december 2006
10. Interest receivable and similar income	228.207.630	168.446.404
20. Interest payable and similar income	(228.614.849)	(163.845.517)
30. Net interest income	(407.219)	4.600.887
40. Commission income	94.077.880	90.988.364
50. Commission expenses	(55.593.430)	(54.543.542)
60. Net commissions	38.484.450	36.444.822
70. Dividends and similar income	30.205.349	14.958.421
80. Net result of trading activity	9.901.233	8.075.287
90. Net result of hedging activity	(42.899)	(140.601)
100. Profits (losses) from dismissal or buy-back of:	55.945.790	46.568.245
a) receivables	-	-
b) financial assets held for sale	55.933.432	46.912.426
c) financial assets held to maturity	-	-
d) financial liabilities	12.358	(344.181)
120. Operating revenues	134.086.704	110.507.061
130. Write-downs/write-ups for write-off of:	(782.061)	(104.575)
a) receivables	(357.978)	(104.575)
b) financial assets held for sale	(603.215)	-
c) financial assets held to maturity	-	-
d) other financial operations	179.132	-
140. Net income for banking activity	133.304.643	110.402.486
150. Administrative expenses	(115.412.672)	(104.176.881)
a) staff expenses	(66.251.733)	(59.448.534)
b) other administrative expenses	(49.160.939)	(44.728.347)
160. Net provisions for risks and charges	(1.362.768)	(39.364.275)
170. Net adjustments to tangible assets	(8.439.116)	(6.116.835)
180. Net adjustments to intangible assets	(7.432.145)	(6.519.813)
190. Other operating expenses/income	63.622.458	55.704.306
200. Operating costs	(69.024.243)	(100.473.498)
210. Income/losses of equity investments	292.153	-
240. Income (losses) from sale of investments	16.280	(26.341)
250. Pre-tax income (losses) from current operations	64.588.833	9.902.647
260. Income taxes on current operations for the year	1.124.449	(1.995.013)
270. After tax income for the year on current operations	65.713.282	7.907.634
290. Profit (loss) for the year	65.713.282	7.907.634

CASH-FLOW STATEMENT

Direct method

A. REPORT ON OPERATIONS <i>(in units of euro)</i>	31 december 2007	31 december 2006
1. Operations	(9.436.552)	(3.480.902)
interest income received	228.207.630	168.446.404
interest expenses paid (-)	(228.614.849)	(163.845.517)
dividends and similar income	4.593.668	4.913.981
net commissions (+/-)	38.484.450	36.444.822
staff expenses	(67.628.377)	(58.421.538)
other costs (-)	(49.225.981)	(44.728.347)
other revenues (+)	63.622.458	55.704.306
taxes (-)	1.124.449	(1.995.013)
2. Liquidity generated (absorbed) by financial assets	(444.598.459)	2.850.024.391
financial assets held for trading	66.627.547	428.632.669
financial assets available for sale	70.297.372	76.482.466
due from customers	(230.390.782)	3.232.819.555
due from banks	(374.866.109)	(990.650.049)
other assets	23.733.513	102.739.750
3. Liquidity generated (absorbed) by financial liabilities	494.434.470	(3.670.570.289)
due to banks	472.474.615	806.713.166
due to customers	(37.577.007)	(4.614.285.252)
securities in circulation	41.325.246	292.263.513
financial liabilities held for trading	4.849.058	10.313.729
other liabilities	13.362.558	(165.575.445)
Net liquidity generated (absorbed) by operating activity	40.399.459	(824.026.800)
B. INVESTMENT ACTIVITIES		
	31 december 2007	31 december 2006
1. Liquidity generated by:	91.773.756	1.136.465.329
sale of equity investments	65.859.505	2.668.234
dividends collected on equity investments	25.611.681	10.044.440
sales/redemptions of financial assets held to maturity	-	-
sale of tangible assets	38.712	4.267.120
sale of intangible assets	263.859	3.194.092
sale of subsidiaries and company branches	-	1.116.291.443
2. Liquidity (absorbed) by:	(127.507.648)	(370.760.000)
purchase of equity investments	(95.270.356)	(353.904.000)
purchase of financial assets held to maturity	(9.693.050)	-
purchase of tangible assets	(8.037.098)	(6.612.000)
purchase of intangible assets	(14.507.145)	(10.244.000)
purchase of subsidiaries and company branches	-	-
Net liquidity generated (absorbed) by investment activity	(35.733.892)	765.705.329
C. FUNDING ACTIVITY		
	31 december 2007	31 december 2006
issue/purchase of own shares	-	-
issue/purchase of capital instruments	-	-
distribution of dividends and other destinations	(4.600.000)	(4.140.000)
Net liquidity generated (absorbed) by funding activity	(4.600.000)	(4.140.000)
NET LIQUIDITY GENERATED (ABSORBED) IN THE PERIOD	65.567	(62.461.471)
RECONCILIATION		
	31 december 2007	31 december 2006
Cash and available liquidity at year start	4.532	62.466.003
Total net liquidity generated (absorbed) during the year	65.567	(62.461.471)
Cash and available liquidity at year end	70.099	4.532

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY TO DECEMBER 31 2006

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY TO DECEMBER 31 2006 *(in thousands of euros)*

	Assets to 31/12/05	Changes to opening balance	Assets to 01/01/06	Allocation from previous period	
				Reserves	Dividends and other appropriations
Share capital:					
a) common shares	80.000.000	-	80.000.000	-	-
b) other shares	-	-	-	-	-
Share premium	49.413.513	-	49.413.513	-	-
Reserves:					
a) profits	227.567.083	-	227.567.083	18.575.302	-
b) other	(21.220.171)	-	(21.220.171)	-	-
Valuation reserves:					
a) assets available for sale	3.689.122	-	3.689.122	-	-
b) cash flow hedging	-	-	-	-	-
c) special revaluation law reserves	17.658.559	-	17.658.559	-	-
Capital instruments	-	-	-	-	-
Own shares	-	-	-	-	-
Profit (loss) for the year	22.715.302	-	22.715.302	(18.575.302)	(4.140.000)
Net equity	379.823.408	-	379.823.408	-	(4.140.000)

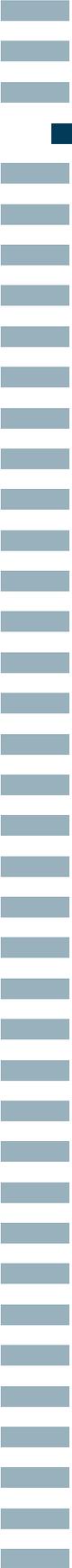
	Changes for the period							Profit for the year to 31/12/06	Net equity to 31/12/06
	Reserve variations	Operations on net equity							
		New shares issue	Own shares (-)	Extraordinary dividend payout	Change in capital instruments	Derivatives on own share	Stock options		
Share capital:									
a) common shares	-	-	-	-	-	-	-	80.000.000	
b) other shares	-	-	-	-	-	-	-	-	
Share premium	-	-	-	-	-	-	-	49.413.513	
Reserves:									
a) profits	3.864.279	-	-	-	-	-	-	250.006.663	
b) other	(144.000)	-	-	-	-	-	-	(21.364.171)	
Valuation reserves:									
a) assets available for sale	34.218.567	-	-	-	-	-	-	37.907.689	
b) cash flow hedging	-	-	-	-	-	-	-	-	
c) special revaluation law reserves	-	-	-	-	-	-	-	17.658.559	
Capital instruments	-	-	-	-	-	-	-	-	
Own shares	-	-	-	-	-	-	-	-	
Profit (loss) for the year	-	-	-	-	-	-	7.907.634	7.907.634	
Net equity	37.938.845	-	-	-	-	-	7.907.634	421.529.888	

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY TO DECEMBER 31 2007

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY TO DECEMBER 31 2007 *(in thousands of euros)*

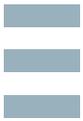
	Assets to 31/12/06	Changes to opening balance	Assets to 01/01/07	Allocation from previous period	
				Reserves	Dividends and other appropriations
Share capital:					
a) common shares	80.000.000	-	80.000.000	-	-
b) other shares	-	-	-	-	-
Share premium	49.413.513	-	49.413.513	-	-
Reserves:					
a) profits	250.006.663	-	250.006.663	3.307.634	-
b) other	(21.364.171)	-	(21.364.171)	-	-
Valuation reserves:					
a) assets available for sale	37.907.689	-	37.907.689	-	-
b) cash flow hedging	-	-	-	-	-
c) special revaluation law reserves	17.658.559	-	17.658.559	-	-
Capital instruments	-	-	-	-	-
Own shares	-	-	-	-	-
Profit (loss) for the year	7.907.634	-	7.907.634	(3.307.634)	(4.600.000)
Net equity	421.529.888	-	421.529.888	-	(4.600.000)

	Changes for the period							Profit for the year to 31/12/06	Net equity to 31/12/07
	Reserve variations	Operations on net equity					Stock options		
		New shares issue	Own shares (-)	Extraordinary dividend payout	Change in capital instruments	Derivatives on own shares			
Share capital:									
a) common shares	-	-	-	-	-	-	-	-	80.000.000
b) other shares	-	-	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-	-	49.413.513
Reserves:									
a) profits	6.193.526	-	-	-	-	-	-	-	259.507.823
b) other	1.391	-	-	-	-	-	-	-	(21.362.779)
Valuation reserves:									
a) assets available for sale	(33.153.629)	-	-	-	-	-	-	-	4.754.059
b) cash flow hedging	-	-	-	-	-	-	-	-	-
c) special revaluation law reserves	(446.623)	-	-	-	-	-	-	-	17.211.937
Capital instruments	-	-	-	-	-	-	-	-	-
Own shares	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	-	-	-	65.713.282	65.713.282
Net equity	-	-	-	-	-	-	-	65.713.282	455.237.834

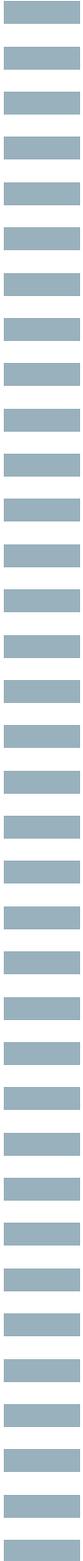


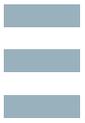
NOTES TO THE FINANCIAL STATEMENTS



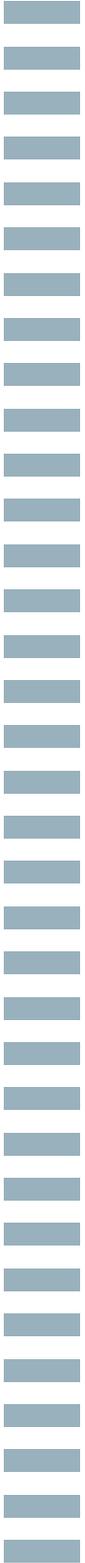


■ PART A - ACCOUNTING POLICIES





A.1 - GENERAL SECTION



SECTION 1 DECLARATION OF CONFORMITY TO INTERNATIONAL ACCOUNTING STANDARDS

These financial statements have been drafted according to the International Financial Reporting Standards and the International Accounting Standards (referred to hereinafter as "IFRS" or "IAS" or international accounting standards) validated by the European Union and in force at the moment of their approval.

The financial statements reflect the economic and financial standing of Sella Holding Banca.

The IAS/IFRS principles in force on the date of drafting the financial statements and the relative interpretations, adopted within these financial statements with regard to the events foreseen by these principles, are listed below.

Accounting Principles

Accounting Principles	Title
IAS 1	Presentation of the financial statements
IAS 2	Inventories
IAS 7	Cash Flow Statement
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 11	Construction contracts
IAS 12	Income taxes
IAS 14	Segment reporting
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants
IAS 21	Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 26	Retirement Benefit Plans
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 31	Financial Reporting of Interests in Joint Ventures
IAS 32	Financial instruments: presentation and supplementary information
IAS 33	Earnings per share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible assets
IAS 39	Financial instruments: recognition and measurement
IAS 40	Investment Property
IAS 41	Agriculture
IFRS 1	First time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payments
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 6	Exploration for and Evaluation of Mineral Assets
IFRS 7	Financial instruments - Disclosures
IFRS 8	Operating Segments

Interpretations	Title
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4	Determining Whether an Arrangement Contains a Lease
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IFRIC 7	Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies"
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	Group and Treasury Share Transactions
SIC 7	Introduction of the Euro
SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 12	Consolidation - Special Purpose Entities
SIC 13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers
SIC 15	Operating Leases - Incentives
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders
SIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
SIC 29	Disclosure - Service Concession Arrangements
SIC 31	Revenue - Barter Transactions Involving Advertising Services
SIC 32	Intangible Assets - Web Site Costs

SECTION 2

GENERAL DRAFTING PRINCIPLES

The financial statements consist of the Balance Sheet, the Income Statement, the statement of changes in shareholders' equity, the cash-flow statement and these Notes to the Financial Statements, and the attached Report of the Directors on the year.

The notes to the financial statements are drawn up in thousands of euros.

The financial statements have been drawn up clearly and represent truthfully and correctly the patrimonial situation, the financial situation and the operating result for the year.

If the information required by the international accounting standards and by the provisions of Banca d'Italia memorandum 262 of 22 December 2005 are

not sufficient to give a truthful and correct representation, the additional information required for this purpose will be provided in the Notes to the Consolidated Financial Statements.

If, in exceptional circumstances, the application of a disposition which is foreseen by the international accounting standards is incompatible with the truthful and correct representation of the patrimonial situation, the financial situation and of the operating result, it will not be applied. In the Notes to the Consolidated Financial Statements the reasons are given for the derogation and its influence on the representation of the patrimonial situation, the financial situation and of the operating result.

SECTION 3 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The financial crisis at the start of 2008 had a negative affect on international stock market listings and, consequently, on the value of the stake held by the Bank on in the London Stock Exchange Group Ltd., which fell con-

siderably. Thus, compared to the positive evaluation of €4.4m which was based on the fair value at 31 December 2007, the fair value at 25 March 2008 is expected to reach a negative level of €10.5m.

SECTION 4 OTHER ASPECTS

There are no significant other aspects to report.



A.2 - MAIN ENTRIES OF THE FINANCIAL STATEMENTS



1 - FINANCIAL ASSETS HELD FOR TRADING

Only debt and capital securities and the positive value of the derivative contracts held for trading are classified in this category. The derivative contracts include those incorporated in complex financial instruments that were disclosed separately because:

- their economic characteristics and risks are not necessarily correlated to the features of the underlying contract;
- they are incorporated instruments that match the definition of derivative even if they are separate;
- the hybrid instruments to which they belong are not stated at fair value with the relative variations disclosed in the income statement.

The initial entry of the financial assets occurs upon the date of regulation for debt and capital securities, and at the time of subscription for the derivative contracts.

The financial assets held for trading are initially taken over at cost, considered as fair value of the instrument. Implicit derivatives present in complex contracts not necessarily related to these and having characteristics that match the definition of derivative are separated from the primary contract and are valued at fair value, whereas the reference accounting criterion is applied to the primary contract.

After the initial entry, the financial assets held for trading are assessed at fair value.

In order to determine the fair value of the financial instruments quoted in an active market, market listings (bid prices) are used. In the absence of an active market, estimate methods and evaluation models are used that take into account all of the risk factors connected to the instruments and that are based on detectable data on the market such as: methods based on the evaluation of listed instruments that have similar characteristics, calculations of discounted cash flows, models for determining the price of options, values surveyed in recent comparable dealings.

The capital securities and the correlated deriva-

tive instruments the fair value of which cannot be reliably determined according to the above guidelines are maintained at cost.

The financial assets are cancelled when the contractual rights on the cash flows deriving from the operations themselves expire the operations themselves expire or when the financial assets are assigned by substantially transferring all the risks/benefits related to them.

2 - FINANCIAL ASSETS AVAILABLE FOR SALE

This category includes non-derivative financial assets that are not otherwise classified as credits, assets held for trading or assets held to maturity.

In particular, this entry includes shareholdings not held for trading and not qualified for control, cross-shareholding and joint control.

The financial asset is initially entered on the date of regulation for the debt or capital securities and upon the date of allocation in the case of other financial assets not classified as credits.

The assets are initially stated at cost, which is defined as the fair value of the instrument, including costs or profit from trading directly attributable to the instrument. If the entry takes place after reclassification of the assets held to maturity, the entry value is the fair value at the moment of transferral.

After the initial entry, the assets available for sale continue to be assessed at fair value, whilst the corresponding value is reported at depreciated cost in the income statement. The gains or losses arising from a variation in fair value are assigned to a specific Reserve of shareholders' equity until the financial asset is cancelled or an enduring loss of value is established. At the moment of transfer, the accumulated gains or losses are recorded in the income statement.

With reference to the non-qualifying, connected and joint control shareholdings, as these capital instruments do not have a listed price in an active

market and it is therefore impossible to determine their fair value in a reliable manner, they are kept at cost and are depreciated in the case of durable loss of value. Examination of the existence of objective evidence of durable loss of value is carried out at each financial statement closure or interim closure and the loss is recorded in the income statement. These losses cannot be written up even if the reasons for the loss of value cease to apply due to an event that takes place after the loss has been reported.

The financial assets are cancelled when the contractual rights on the cash flows that derive from the operations themselves expire or when the financial assets are assigned by substantially transferring all the risks/benefits related to them.

3 - FINANCIAL ASSETS HELD TO MATURITY

Debt securities with fixed or adjustable payments are classified in this category which one intends and has the ability to hold until maturity. If after a change of opinion or ability it is not deemed appropriate to keep an investment as held until maturity it is reclassified among assets available for sale.

The financial asset is initially entered on the date of regulation. The financial assets classified in this category are stated at cost, including directly attributable costs and profits. If the assignment to this category occurs through reclassification of the assets available for sale, the fair value of the asset at the reclassification date is assumed as the new amortised cost of the asset.

After the initial entry the financial assets held to maturity are valued at their depreciated cost, using the method of the actual interest rate. The gains are losses referring to the variations in fair value of the assets held to maturity are stated in the income statement at the moment in which the assets were cancelled. At the financial statement closure or interim closure, objective evidence of a reduction in value is

sought. If this evidence exists, the amount of the loss is measured as a difference between the book value of the asset the current value of the estimated future cash flows, discounted at the original actual interest rate. If the reasons for the loss of value subsequently no longer obtain the assets are written up in the income statement.

The financial assets are cancelled when the contractual rights on the cash flows deriving from the operations themselves expire the operations themselves expire or when the financial assets are assigned by substantially transferring all the risks/benefits related to them.

4 - CREDITS

Credits include loans to customers and to banks, both granted directly and acquired from third parties, that foresee fixed payments or anyway determinable, that are not listed in an active market and that have not classified at the beginning among financial assets available for sale. This item also includes commercial credits, repurchase agreement operations, and securities bought in subscription or private placement, with fixed or fixable payments, not listed on active markets.

The credit is first reported on the date of disbursement or, in the case of a debt security, on the regulation date, on the basis of the fair value of the financial instrument. This is normally equal to the amount disbursed, or to the subscription price, including costs/profits directly traceable to the single credit and determinable already from the origin of the operation, even if liquidated in a subsequent period. The costs are excluded that have the aforesaid characteristics but are subject to reimbursement on behalf of the debtor counterparty or that are part of normal internal administrative costs. The fair value of credit operations concluded on different conditions from those of the market is determined by using specific valuation techniques. The difference compared

to the amount disbursed or to the subscription price is allocated directly to the income statement. Swap agreements or sale with repurchase operations with obligation of forward repurchase or resale are registered in the financial statements as collecting or loan operations. In particular, the operations of spot sale and of forward repurchase are stated in the financial statements as debts for the spot amount received whilst spot purchase operations and forward resale operations are shown as credits for the given spot amount.

After the initial entry, the credits are valued at depreciated cost, which is equal to the value of the initial entry reduced/increased by the reimbursements of principal, the write-downs/write-ups and the depreciation - calculated using the actual interest rate method - of the difference between the amount disbursed and the sum repayable at maturity, typically traceable to costs/profits allocated directly to the single credit. The actual interest rate is determined by calculating the rate that is equal to the current value of future credit flows, for principal and interest, to the amount disbursed including costs/profits connected to the credit. In financial terms, this method of disclosure enables distribution of the economic effect of the costs/revenues incurred/collected in advance across the expected residual life of the loan. The depreciated cost method is not used for credits whose short duration renders the effect of discounting-back negligible. The credits are stated at historical cost and their costs/profits are attributed to the income statement. A similar criterion is used for reporting credits with no defined or revocable due date.

At each financial statements closure or interim period ascertainment of credits is carried out to determine those which, following events that occurred subsequent to their being recorded show objective evidence of a possible decrease in value. Credits fall within this framework that are classed as non-performing, watchlist or restructured loans according to the current regulations of the Banca d'Italia, in line with IAS regulations.

Those impaired credits are subject to an analytical evaluation process and the amount of the write-down for each credit amounts to the difference between its reported value at the moment of valuation (depreciated cost) and the current value of foreseen future cash flows, calculated applying the original actual interest rate. The foreseen cash flows keep track of expected recovery time, the presumed value of returns of guarantees, and costs that it is presumed will be incurred to recover the credit statement. The cash flows relative to credit whose recovery is foreseen within a brief time are not discounted back. The actual original rate of each credit remains unvaried in time even if the credit was restructured in such a way that the contractually agreed interest rate was changed and even if the credit becomes an interest-free loan.

The write-down is reported in the income statement. The original value of the credit is restored in future financial years if the reasons for the write-down cease to exist provided that this evaluation can be objectively connected to an event that occurred after the write-down. Write-ups are reported in the income statement and cannot under any circumstances exceed the depreciated cost that the credit would have had in the absence of the previous write-downs.

The credits for which individual single proof of loss has not been found, i.e. normally performing loan, including those towards counterparties resident in countries at risk, are subjected to joint evaluation. This evaluation takes place for categories of homogenous credit in terms of credit risk and the relative percentages of losses are estimated taking into account the PD (Probability of Default) and the LGD (Loss Given Default) determined on the basis of the Basel II Agreement. In this way latent losses for each credit category are estimated. Jointly determined write-downs are allocated to the income statement. At the time of each financial statement closure or interim closure any additional write-down or write-up is recalculated in a differential manner with reference to the entire portfolio of performing credits at the same date.

The transferred credit is cancelled from the reported assets only if the transfer entailed substantial transfer of all the risks and benefits connected to the credit. On the other hand, if the risks and benefits connected to the credit have been kept, these continue to be reported as assets even if legally ownership of the credits has been transferred. Whenever it is impossible to ascertain the substantial transfer of risks and benefits, the credit is cancelled from the financial statements if no type of control was kept of it. Conversely, even if only a partial control was maintained, the amount of the credit is reported in the financial statements that corresponds to its residual involvement, measured by the stated value changes of the transferred credit and variations in its cash flows. Lastly, the transferred credit is cancelled from the financial statements if contractual rights have been maintained for receiving the relative cash flows, with the simultaneous acceptance of an obligation to pay such flows, and only those, to other third parties.

5 - HEDGING OPERATIONS

In the assets and liabilities entries we have hedging derivatives, which at the date of reference of the financial statements had a positive and a negative fair value respectively.

The hedging operations are designed to neutralise potential losses detected on a specific financial instrument or group of financial instruments that are traceable to a specific risk, through the tools that can be traced on a different financial instrument or group of financial instruments if that particular risk should occur.

IAS 39 provides for the following types of hedging:

- fair value hedging, whose aim is to hedge the exposure to fair value variation of a balance-sheet item that is attributable to a particular risk;
- cash flow hedging, whose aim is to hedge the exposure to variations of future cash flows that are attributable to particular risks associated with balance-sheet items;

- currency investment hedging, which aims to hedge the risk of an investment in a foreign company expressed in currency.

Specifically, Sella Holding Banca has created exclusively fair value hedging.

The derivative instrument is devised as hedging if there are formalised records of the relationship between the hedged instrument and the hedging instruments and if it is effective when hedging begins and prospectively during the entire life thereof. The effectiveness of the hedging depends on the degree to which the fair value variations of the hedged instrument or of the relative expected cash flows are compensated by those of the hedging instrument. Effectiveness is thus appraised by comparing the aforesaid variations, bearing in mind the objective pursued by the company when hedging was undertaken.

Effectiveness is achieved (within the a range of 80-125%) when the fair-value variations (or cash-flow values) of the financial hedging instrument almost completely neutralise the variations of the hedged instrument for the risk element that is the object of the hedging. Evaluation of effectiveness is carried out every six months, using:

- forecasting tests that justify the application of hedging accounting as they show the attested effectiveness;
- retrospective tests, which show the level of effectiveness of the hedging that has been reached in the reference period. In other words, they measure how much the actual results diverged from the perfect hedging.

If the tests do not confirm the effectiveness of the hedging, accounting of the hedging operations in the above manner is interrupted and the hedging derivative contract is reclassified between the trading instruments.

The hedging derivatives are therefore evaluated at fair value. In the case of fair value hedging the variations in the fair value of the hedged element is compensated by the variation in the fair value of the

hedging instrument. This compensation is recognised through value variations reported in the income statement. These variations refer both to the hedged element (inasmuch as they are variations produced by the underlying risk factor) and the hedging instrument. Any difference shows the partial ineffectiveness of the hedging and is therefore the net economic effect.

6 - EQUITY INVESTMENTS

The entry includes shareholdings in associated companies that are reported on the basis of the equity method. Companies considered to be associated are those that are not controlled but in which the Company has a significant influence. It is presumed that the Company has significant influence in all cases in which it controls 20% or more of voting rights and, regardless of its holding, whenever it has the right to participate in management and financial decisions regarding the equity investments.

The financial asset is initially entered on the date of regulation. The financial assets classified in this category are stated at cost.

If there is evidence that the value of an equity investment could have fallen, an estimate of the recoverable value of the equity investment is carried out, bearing in mind the current value of the future cash flows that the equity investment will be able to generate, including the value of the divestment of the investment. If the recovery value is less than the book value, the difference is reported in the income statement. If the reasons for the loss of value are removed following an event that occurred after the accounting of the reduction in value, value recovery is carried out and reported in the income statement.

Financial assets are cancelled when the contractual rights on the financial flows deriving from the operations expire or when the financial asset is assigned, substantially transferring all of the risks and benefits connected to it.

7 - TANGIBLE FIXED ASSETS

The tangible fixed assets include land, instrumental property, real estate investments, technical equipment, furniture and furnishings and equipment of any type. These are tangible fixed assets held for use in the product or supply of goods and services, to be rented to third parties, or for administrative purposes, and that are expected to be used for more than one period. Lastly, the entry includes improvements and accretion expenses borne for third-party goods that cannot be ascribed to the entry "other assets".

The tangible fixed assets are initially stated at cost, which comprises, in addition to purchase price, all accessory charges directly arising from purchasing and commissioning the goods. The expenses for extraordinary maintenance, which entail an increase in future economic benefits, are allocated as an increase in the value of the assets, whereas the other ordinary maintenance costs are assigned to the income statement.

The tangible fixed assets, including non-instrumental properties, are valued at cost, subtracting any depreciation and loss of value. The tangible fixed assets are systematically depreciated during their working life, adopting as a criterion of depreciation the method of constant quotas, except for: land, regardless of whether it was bought as a single unit or incorporated in the value of the buildings inasmuch as it has an indefinite useful life. If its value is incorporated in the value of the building, by virtue of the application of the per-items approach, it is considered to be separable from the building; the division between the value of the land and the value of the building is based on a survey by independent experts only for buildings that are owned.

At the end of each financial year, if there is any indication that any operation may have undergone a loss of value, a comparison is made between the charging value of the asset and its recovery value, equal to the lower between fair value less any cost to sell, and the relevant use value of the good, intended as the current value of future flows originating from the fixed asset. Any write-downs are reported in the income statement.

If the reasons that brought about the loss cease to exist, a write-up takes place that cannot exceed the value that the asset would have had net of depreciation, in the absence of previous losses of value.

A tangible fixed asset is eliminated from the balance sheet at the moment of divestment or when the asset permanently withdrawn from use future economic benefits are not foreseen from its divestment.

8 - INTANGIBLE FIXED ASSETS

The intangible fixed assets are software applications for long-term use and are entered as such if they can be identified and if they originate from legal or contractual rights.

The intangible fixed assets are stated at cost, including accessory charges only if it is probable that the future economic benefits attributable to the asset will be reaped and if the cost of the asset can be reliably determined. Otherwise, the cost of the intangible fixed asset is recorded in the income statement for the year in which it was incurred.

The cost of intangible fixed assets is depreciated at constant quotas on the basis of the relative useful life. At each financial statements closure, in the presence of evident loss of value, an estimate of the recovery value of the asset is undertaken. The amount of the loss reported in the income statement, is the difference between the book value of the asset and the recoverable value.

An intangible fixed asset is eliminated from the balance sheet when divestment takes place or when future economic benefits are not expected.

9 - CURRENT AND DEFERRED TAXATION

The entries include respectively current tax assets, current tax liabilities and prepaid taxes net of deferred tax liabilities.

Taxes on income are reported in the income statement except for those charged or credited directly to shareholders' equity. Funding for income taxes is determined on the basis of a prudent forecast of current tax charges, and of prepaid and deferred taxes.

Prepaid and deferred taxes are calculated on the basis of temporary differences, without any temporal limit, between the accounting value and the tax value of the single assets or liabilities.

Prepaid taxes are reported in the financial statements if it is probable that they will be recovered. Deferred tax liabilities are reported in the financial statements, with the sole exception of assets reported for an amount that exceeds the recognised tax value and the tax suspension reserves, for which it is reasonable to believe that operations that are subject to taxation will not be carried out. The assets and liabilities reported for prepaid and deferred taxes are systematically evaluated to keep track of modifications to the rules or the tax rates.

10 - PROVISIONS FOR RISKS AND CHARGES

The other provisions for risks and charges refer to provisions for current obligations arising from a past event where the settlement of said obligation will probably require the outlay of economic resources, if indeed an accurate estimate of the amount of said obligations can be made.

The sub-item "other provisions" contains the provisions for risks and charges set up in compliance with international accounting standards.

An allocation is made to the provisions for risks and charges only when:

- there is a current obligation (legal or implied) resulting from a past event;
- it is likely that economic resources will have to be used to produce economic benefits to settle the obligation;
- an accurate estimate of the amount of the obligation can be made.

In cases where considerable time has passed, the provisions are back-discounted, using current market rates. The effect of said back-discounting is entered in the income statement.

11 - OUTSTANDING DEBTS AND SECURITIES

The entries "due to banks", "due to customers" and "outstanding securities" include the various forms of interbank funding and with customers and the deposits carried out through deposit certificates and circulating bond securities, net, therefore, of any repurchasing amount.

The first entry of such financial liabilities takes place at the time of receipt of the collected sums or of the issue of the debt security. The first entry is carried out on the basis of the fair value of the liabilities, which are normally equal to the amount collected or to the price of issue, increased by the additional costs/profits directly attributable to the single operation of funding or of issue and not reimbursed by the creditor counterparty. Internal administrative costs are excluded.

After the initial entry, the financial liabilities are stated at depreciated cost with the method of effective interest rate. An exception to this are the short-term liabilities, where the temporal factor is irrelevant. Their collected value is recorded and any costs allocated to them are attributed to the income statement. It is further pointed out that the instruments for collecting that are subject to an effective hedging operation are evaluated on the basis of the rules foreseen for hedging operations.

For structured instruments, if the requirements of IAS 39 are complied with, the incorporated derivative is separated from the host contract and reported at fair value as a trading liability. In the latter case the host contract is stated at depreciated cost.

Financial liabilities are cancelled from the financial statements when they have expired or been

paid off. Cancellation also takes place in the event of repurchase of previously issued securities. The difference between the book value of the liability and the amount paid to purchase it is recorded in the income statement. The replacement on the market of the Company's own securities after their repurchase is considered as a new issue stated at the new placement price, without any effect on the income statement.

12 - TRADING FINANCIAL LIABILITIES

The entry includes the negative value of trading derivative contracts assessed at fair value.

The entry also includes the implicit derivatives that were separated from the host compound financial instruments in accordance IAS 39.

Profits and losses deriving from the variation of the fair value and/or the transfer of the trading instruments have been reported in the income statement.

Financial liabilities are cancelled from the financial statements when they have expired or been paid off.

13 - CURRENCY OPERATIONS

Foreign currency operations are recorded, at the time of the initial entry, in the currency account, applying to the foreign currency amount the current exchange rate at the time of the operation.

At each financial year closure, the financial statements items in foreign currency are evaluated as follows:

- the monetary items are converted at the exchange rate of the closure date;
- the non-monetary times are evaluated at historical cost are converted at the exchange rate of the date of the operation; to convert the items of pro-

fits and costs an exchange that approximates the exchanges on the date of the operations is often used, for example an average exchange rate for the period;

- the non-monetary times evaluated at fair value are converted using the exchange rate existing at the date of closure.

Exchange difference arising from the regulation of monetary items or from the conversion of monetary elements at different rates from the initial conversion rates or from conversion of the previous financial statement, are reported in the income statement of the period in which they take place.

When a profit or loss relative to a non-monetary item is assigned to shareholders' equity, the exchange rate difference is also assigned to shareholders' equity. On the other hand, when an earning or loss is reported in the income statement the relative exchange-rate difference is also reported there.

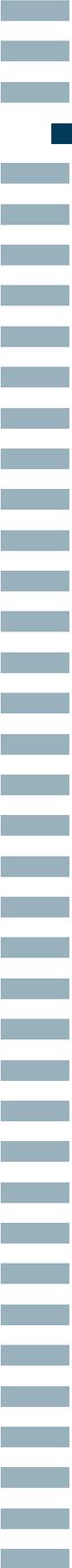
14 - OTHER INFORMATIONS

Benefits for employees

Staff severance is subscribed on the basis of its actuarial value. For purposes of discounting back, the unitary credit projection method is used that projects future disbursements on the basis of statistical historical analysis and the demographic curve and the financial discounting back of these flows on the basis of a market interest rate.

Dividends and recognition of revenue

Revenue is recognised when it is received or when it is likely that the future benefits will be received and such benefits can be quantified in a reliable manner. In particular, the dividends are reported in the income statement when their distribution is decided.



PART B - INFORMATION ON THE BALANCE SHEET

ASSETS



SECTION 1 CASH AND LIQUIDITIES - ITEM 10

1.1 Cash and available liquidity: product breakdown

	Total 31/12/2007	Total 31/12/2006
a) Cash	-	5
b) Demand deposits at Central Banks	70	-
Total	70	5

SECTION 2 FINANCIAL ASSETS HELD FOR TRADING – ITEM 20

2.1 Financial assets held for trading: product breakdown

Item/Value	Total 31/12/2007			Total 31/12/2006		
	Listed	Unlisted	Total	Listed	Unlisted	Total
A. Cash assets						
1. Debt securities	331.515	16.119	347.634	402.801	11.162	413.963
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	331.515	16.119	347.634	402.801	11.162	413.963
2. Equities	15	-	15	1.030	-	1.030
3. Mutual funds O.I.C.R.	14.577	18	14.595	10.173	-	10.173
4. Financing	-	-	-	-	-	-
4.1. Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
5. Impaired assets	-	-	-	411	-	411
6. Assets sold not cancelled	4.250	-	4.250	99	-	99
Total A	350.357	16.137	366.494	414.514	11.162	425.676
B. Derivative instruments						
1. Financial derivatives:	4.407	41.964	46.371	632	43.283	43.915
1.1 trading	4.407	40.252	44.659	632	41.562	42.194
1.2 connected to fair value option	-	-	-	-	-	-
1.3 other	-	1.712	1.712	-	1.721	1.721
2. Credit derivatives:	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 connected to fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	4.407	41.964	46.371	632	43.283	43.915
Total A+B	354.764	58.101	412.865	415.146	54.445	469.591

The item "Assets sold not cancelled" refers to owned portfolio securities which, at 31/12/2007, served as collateral for loan repurchase transactions with the European Central Bank. There are no particular clauses or conditions related to the use of this guarantee.

2.2 Financial assets held for trading: breakdown by borrowers/issuers

Item/Value	Total 31/12/2007	Total 31/12/2006
A. CASH ASSETS		
1. Debt securities	347.634	413.963
a) Governments and Central Banks	158.173	107.404
b) Other public-sector bodies	1.708	63.187
c) Banks	137.318	157.193
d) Other issuers	50.435	86.179
2. Equities	15	1.030
a) Banks	-	-
b) Other issuers	15	1.030
- insurance companies	-	582
- financial companies	15	2
- non-financial companies	-	446
- other	-	-
3. Mutual funds O.I.C.R.	14.595	10.173
4. Financing	-	-
a) Governments and Central Banks	-	-
b) Other public-sector bodies	-	-
c) Banks	-	-
d) Other	-	-
5. Impaired assets	-	411
a) Governments and Central Banks	-	387
b) Other public-sector bodies	-	-
c) Banks	-	24
d) Other	-	-
6. Assets sold not cancelled	4.250	99
a) Governments and Central Banks	-	99
b) Other public-sector bodies	-	-
c) Banks	4.250	-
d) Other issuers	-	-
Total A	366.494	425.676
B. DERIVATIVE INSTRUMENTS		
a) Banks	39.036	15.691
b) Customers	7.335	28.224
Total B	46.371	43.915
Total A+B	412.865	469.591

2.3 Financial assets held for trading: Derivative trading instruments

Derivative type/Underlying assets	Interest rates	Currency and gold	Equities	Credits	Other	Total 31/12/2007	Total 31/12/2006
A) Listed derivatives							
1. Financial derivatives	92	-	4.315	-	-	4.407	632
• with exchange of principal	92	-	-	-	-	92	-
- purchased options	92	-	-	-	-	92	-
- other derivatives	-	-	-	-	-	-	-
• with no exchange of principal	-	-	4.315	-	-	4.315	632
- purchased options	-	-	4.315	-	-	4.315	632
- other derivatives	-	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-	-
• with exchange of principal	-	-	-	-	-	-	-
• with no exchange of principal	-	-	-	-	-	-	-
Total A	92	-	4.315	-	-	4.407	632
B) Unlisted derivatives							
1. Financial derivatives	22.942	17.297	1.725	-	-	41.964	43.283
• with exchange of principal	-	16.209	-	-	-	16.209	17.561
- purchased options	-	2.906	-	-	-	2.906	3.198
- other derivatives	-	13.303	-	-	-	13.303	14.363
• with no exchange of principal	22.942	1.088	1.725	-	-	25.755	25.722
- purchased options	5.161	-	1.725	-	-	6.886	5.411
- other derivatives	17.781	1.088	-	-	-	18.869	20.311
2. Credit derivatives	-	-	-	-	-	-	-
• with exchange of principal	-	-	-	-	-	-	-
• with no exchange of principal	-	-	-	-	-	-	-
Total B	22.942	17.297	1.725	-	-	41.964	43.283
Total A + B	23.034	17.297	6.040	-	-	46.371	43.915

2.4 Cash financial assets held for trading other than those transferred but not cancelled and from deteriorated ones: annual changes

Variations/Underlying assets	Debt securities	Equities	Mutual funds O.I.C.R.	Loans	Total 31/12/2007
A. Opening assets	413.963	1.030	10.173	-	425.166
B. Increases	128.808.349	24.304.469	7.468	-	153.120.286
B.1 Purchases	128.790.627	24.304.469	6.964	-	153.102.060
B.2 Increases in fair value	612	-	504	-	1.116
B.3 Other changes	17.110	-	-	-	17.110
C. Decreases	128.874.678	24.305.484	3.046	-	153.183.208
C.1 Disposals	128.754.596	24.305.286	3.046	-	153.062.928
C.2 Repayments	106.195	-	-	-	106.195
C.3 Reductions in fair value	3.656	12	-	-	3.668
C.4 Other changes	10.231	186	-	-	10.417
D. Financial assets held for sale	347.634	15	14.595	-	362.244

SECTION 4 FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

4.1 Financial assets available for sale: product breakdown

Item/Value	Total 31/12/2007		Total 31/12/2006	
	Listed	Unlisted	Listed	Unlisted
1. Debt securities	-	-	-	-
1.1 Structured securities	-	-	-	-
1.2 Other debt securities	-	-	-	-
2. Equities	37.240	3.059	-	50.618
2.1 recognised at fair value	37.240	245	-	47.388
2.2 recognised at cost	-	2.814	-	3.230
3. Mutual funds O.I.C.R.	-	-	-	-
4. Financing	-	-	-	-
5. Impaired assets	-	-	-	-
6. Assets sold not cancelled	-	-	-	-
Total	37.240	3.059	-	50.618

The reduction recorded in the capital securities are mainly due to exchange of Borsa Italiana shares (not listed) with London Stock Exchange shares (listed) and the transfer of some of the shares of the LSE. In detail, listed shares, 37.2m, consist of interests in London Stock Exchange Group (35.1m) and in Intesa San Paolo (2.1m).

4.2 Financial assets held for sale: breakdown by borrowers/issuers

Item/Value	Total 31/12/2007	Total 31/12/2006
1. Debt securities	-	-
a) Governments and Central Banks	-	-
b) Other public-sector bodies	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Equities	40.299	50.618
a) Banks	2.221	8
b) Other issuers	38.078	50.610
- insurance companies	-	-
- financial companies	36.625	49.299
- non-financial companies	1.453	1.311
- other	-	-
3. Mutual funds O.I.C.R.	-	-
4. Financing	-	-
a) Governments and Central Banks	-	-
b) Other public-sector bodies	-	-
c) Banks	-	-
d) Other	-	-
5. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public-sector bodies	-	-
c) Banks	-	-
d) Other	-	-
6. Assets sold not cancelled	-	-
a) Governments and Central Banks	-	-
b) Other public-sector bodies	-	-
c) Banks	-	-
d) Other	-	-
Total	40.299	50.618

4.5 Financial assets held for sale other than those sold but not cancelled and from deteriorated assets: annual changes

	Debt securities	Equities	Mutual funds	O.I.C.R.	Loans	Total 31/12/2007
A. Opening assets	-	50.618	-	-	-	50.618
B. Increases	-	67.353	-	-	-	67.353
B.1 Purchases	-	62.705	-	-	-	62.705
B.2 Increases in fair value	-	4.648	-	-	-	4.648
B.3 Write-ups	-	-	-	-	-	-
- attributable to income statement	-	X	-	-	-	-
- attributable to shareholders' equity	-	-	-	-	-	-
B.4 Transfers from other portfolios	-	-	-	-	-	-
B.5 Other changes	-	-	-	-	-	-
C. Decreases	-	77.672	-	-	-	77.672
C.1 Disposals	-	77.069	-	-	-	77.069
C.2 Repayments	-	-	-	-	-	-
C.3 Reductions in fair value	-	-	-	-	-	-
C.4 Impairment write-downs	-	603	-	-	-	603
- attributable to income statement	-	603	-	-	-	603
- attributable to shareholders' equity	-	-	-	-	-	-
C.5 Transfers from other portfolios	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Financial assets held for sale	-	40.299	-	-	-	40.299

The positive changes in the fair value refer mainly to the stake in the London Stock Exchange Group (€4.4m). For details of the purchase and sale, see the chapter in the report of the board of directors entitled "Equity investments and dealings with Group companies – Other transactions", on page 53.

SECTION 5 FINANCIAL ASSETS HELD TO MATURITY – ITEM 50

5.1 Financial assets held to maturity: product breakdown

Type of transaction/Values	Total 31/12/2007		Total 31/12/2006	
	Book value	Fair value	Book value	Fair value
1. Debt securities	35.469	35.866	60.404	61.539
1.1 Structured securities	-	-	-	-
1.2 Other debt securities	35.469	35.866	60.404	61.539
2. Financing	-	-	-	-
3. Impaired assets	-	-	-	-
4. Assets sold not cancelled	34.971	35.322	-	-
Total	70.440	71.188	60.404	61.539

The item "Assets sold not cancelled" refers to owned portfolio securities which, at 31/12/2007, served as collateral for loan swap transactions. There are no particular clauses or conditions related to the use of this guarantee.

5.2 Financial assets held to maturity: borrowers/issuers

Type of transaction/Values	Total 31/12/2007	Total 31/12/2006
1. Debt securities	35.469	60.404
a) Governments and Central Banks	35.469	60.404
b) Other public-sector bodies	-	-
c) Banks	-	-
d) Other issuers	-	-
2. Financing	-	-
a) Governments and Central Banks	-	-
b) Other public-sector bodies	-	-
c) Banks	-	-
d) Other	-	-
3. Impaired assets	-	-
a) Governments and Central Banks	-	-
b) Other public-sector bodies	-	-
c) Banks	-	-
d) Other	-	-
4. Assets sold not cancelled	34.971	-
a) Governments and Central Banks	34.971	-
b) Other public-sector bodies	-	-
c) Banks	-	-
d) Other	-	-
Total	70.440	60.404

5.4 Financial assets held to maturity other than those sold but not cancelled and deteriorated assets: annual changes

	Debt securities	Loans	Total
A. Opening assets	60.404	-	60.404
B. Increases	10.036	-	10.036
B.1 Purchases	9.693	-	9.693
B.2 Write-ups	-	-	-
B.3 Transfers from other portfolios	-	-	-
B.4 Other changes	343	-	343
C. Decreases	34.971	-	34.971
C.1 Disposals	-	-	-
C.2 Repayments	-	-	-
C.3 Write-downs	-	-	-
C.4 Transfers from other portfolios	-	-	-
C.5 Other changes	34.971	-	34.971
D. Financial assets held for sale	35.469	-	35.469

The item "Decreases - other changes" refers to assets held to maturity sold and not cancelled at 31/12/2007.

SECTION 6 DUE FROM BANKS – ITEM 60

6.1 Due from banks: product breakdown

Type of transaction/Values	Total 31/12/2007	Total 31/12/2006
A) Due from central banks	33.027	6.400
1. Term deposits	-	-
2. Statutory reserve	33.027	6.400
3. Repurchase agreements receivable	-	-
4. Other	-	-
B) Due from banks	2.705.875	2.357.636
1. Current accounts and sight deposits	197.118	131.613
2. Term deposits	731.214	794.005
3. Other loans	1.023.336	690.283
3.1 repurchase agreements	1.007.414	650.327
3.2. financial leasing	-	-
3.3 other	15.922	39.956
4. Debt securities	754.207	741.589
4.1 structured	-	-
4.2 other	754.207	741.589
5. Impaired assets	-	146
6. Assets sold not cancelled	-	-
Total (book value)	2.738.902	2.364.036
Total (Fair value)	2.738.902	2.364.036

The considerable increase in the item "Due from banks – Other loans – Repurchase agreements" is closely related to the variation in the item "Due to banks – Other payables - Repurchase agreements" in table 1.1 under Liabilities on the Balance Sheet. Indeed, both variations are linked to the increase in repurchase agreements of network bank customers, which led to greater activity for Sella Holding Banca on the interbank repurchase agreement market for acquiring securities to be used as guarantees. A further influence on this increase was the bank's greater use of interbank repurchase agreements as an alternative liquidity instrument to the more risky interbank deposit.

6.2 Due from banks: assets subject to micro-hedging

Type of transaction/Values	Total 31/12/2007	Total 31/12/2006
1. Receivables subject to fair value specific hedging	68.221	-
a) interest rate risk	68.221	-
b) exchange rate risk	-	-
c) credit risk	-	-
d) multiple risks	-	-
2. Receivables subject to cash flow specific hedging	-	-
a) interest rate risk	-	-
b) exchange rate risk	-	-
c) other	-	-
Total	68.221	-

Hedging activity involves a repurchase agreement transaction.

SECTION 7 DUE FROM CUSTOMERS – ITEM 70

7.1 Due from customers: product breakdown

Type of transaction/Values	Total 31/12/2007	Total 31/12/2006
1. Current accounts	379.485	321.492
2. Repurchase agreements	-	-
3. Mortgages	542.623	504.666
4. Credit cards, consumer credits, loans to employees (1/5 of the wage)	77.296	69.056
5. Leasing	-	-
6. Factoring	-	-
7. Other operations	519.128	393.290
8. Debt securities	-	-
8.1 Structured	-	-
8.2 Other	-	-
9. Impaired assets	70	65
10. Assets sold not cancelled	-	-
Total (book value)	1.518.602	1.288.569
Total Fair Value	1.518.602	1.288.569

The item "Other transactions" refers mainly to short-term loan operations with Group companies (Biella Leasing and Consel).

7.2 Due from customers: breakdown by borrowers/issuers

Type of transaction/Values	Total 31/12/2007	Total 31/12/2006
1. Debt securities issued by:	-	-
a) Governments	-	-
b) Other public entities	-	-
c) Other issuers	-	-
- non-financial companies	-	-
- financial companies	-	-
- insurance companies	-	-
- other	-	-
2. Loans to:	1.518.532	1.288.504
a) Governments	-	-
b) Other public entities	2	2
c) Other	1.518.530	1.288.502
- non-financial companies	8.982	8.339
- financial companies	1.440.797	1.219.127
- insurance companies	16	9
- other	68.735	61.027
3. Impaired assets:	70	65
a) Governments	-	-
b) Other public entities	-	-
c) Other	70	65
- non-financial companies	60	52
- financial companies	-	-
- insurance companies	-	-
- other	10	13
4. Assets sold not cancelled:	-	-
a) Governments	-	-
b) Other public entities	-	-
c) Other	-	-
- non-financial companies	-	-
- financial companies	-	-
- insurance companies	-	-
- other	-	-
Total	1.518.602	1.288.569

SECTION 8 HEDGING DERIVATIVES – ITEM 80

8.1 Hedging derivatives: breakdown by contract type and underlying assets

Derivative type/Underlying assets	Interest rates	Currency and gold	Equities	Credits	Other	Total
A) Listed						
1. Financial derivatives	-	-	-	-	-	-
• with exchange of principal	-	-	-	-	-	-
- purchased options	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• with no exchange of principal	-	-	-	-	-	-
- purchased options	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
• with exchange of principal	-	-	-	-	-	-
• with no exchange of principal	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted						
1. Financial derivatives	2.156	-	-	-	-	2.156
• with exchange of principal	-	-	-	-	-	-
- purchased options	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• with no exchange of principal	2.156	-	-	-	-	2.156
- purchased options	-	-	-	-	-	-
- other derivatives	2.156	-	-	-	-	2.156
2. Credit derivatives	-	-	-	-	-	-
• with exchange of principal	-	-	-	-	-	-
• with no exchange of principal	-	-	-	-	-	-
Total B	2.156	-	-	-	-	2.156
Total (A+B) 31/12/2007	2.156	-	-	-	-	2.156
Total (A+B) 31/12/2006	1.700	-	-	-	-	1.700

The item "Unlisted financial derivatives with no exchange of capital – other derivatives" refers to the hedging activity of the interest rate risk for fixed-rate bond issues, through interest rate swaps.

8.2 Hedging derivatives: breakdown by hedged portfolios and type of hedge

Transaction/Type of hedge	Fair Value					Cash flow		
	Micro					Macro	Micro	Macro
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	Multiple risks			
1. Financial assets available for sale	-	-	-	-	-	X	-	X
2. Receivables	-	-	-	X	-	X	-	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	-	X	-
Total assets	-	-	-	-	-	-	-	-
1. Financial liabilities	2.156	-	-	X	-	X	-	X
2. Portfolio	X	X	X	X	X	-	X	-
Total liabilities	2.156	-	-	-	-	-	-	-

SECTION 10 EQUITY INVESTMENTS – ITEM 100

10.1 Equity investments in controlled companies jointly or subject to remarkable influence: information on equity investments relationships

Name	Registered Office	Equity investment share %	Voting rights %
A. Controlled companies as sole investors			
B.C. Finanziaria S.p.A.	Biella	80,03	80,03
Banca Arditi Galati S.p.A.	Lecce	51,25	51,25
Banca di Palermo S.p.A.	Palermo	93,20	93,20
Banca Patrimoni S.p.A.	Torino	68,19	68,19
Banca Sella S.p.A.	Biella	100,00	100,00
Biella Leasing S.p.A.	Biella	76,91	76,91
Brosel S.p.A.	Biella	61,00	61,00
C.B.A. Vita S.p.A.	Milano	82,00	82,00
Consel S.p.A.	Torino	55,53	55,53
Easy Nolo S.p.A.	Biella	84,74	84,74
Immobiliare Lanificio Maurizio Sella S.p.A.	Biella	100,00	100,00
Immobiliare Sella S.p.A.	Biella	100,00	100,00
Secursel S.p.A.	Biella	80,00	80,00
Selfid S.p.A.	Biella	88,00	88,00
Sella Bank Luxembourg S.a.	Luxembourg	23,66	23,66
Sella Capital Management SGR. S.p.A.	Milano	85,97	85,97
Sella Corporate Finance S.p.A.	Biella	99,50	99,50
Sella Gestioni SGR S.p.A.	Milano	74,79	74,79
Sella Holding N.V.	The Netherlands	100,00	100,00
Selsoft Direct Marketing S.p.A. (<i>winding-up</i>)	Biella	100,00	100,00
C. Companies subject to remarkable influence			
S.C.P. VDP1	Principality of Monaco	29,00	29,00

10.2 Equity investments in controlled companies jointly or subject to remarkable influence: accounting information

Name	Total assets	Total revenues	Profits (Losses)	Net equity	Book value	Fair value
A. Controlled companies as sole investors						
B.C. Finanziaria S.p.A.	40.310	956	803	37.177	43.217	-
Banca Arditi Galati S.p.A.	812.290	53.035	5.389	56.286	44.235	-
Banca di Palermo S.p.A.	420.135	30.059	1.771	23.898	26.214	-
Banca Patrimoni S.p.A.	354.847	78.613	17.012	59.110	30.773	-
Banca Sella S.p.A.	7.348.814	483.613	37.539	358.551	300.000	-
Biella Leasing S.p.A.	997.950	62.081	5.437	45.695	15.747	-
Brosel S.p.A.	4.633	3.513	514	2.470	506	-
C.B.A. Vita S.p.A.	721.757	195.397	2.190	42.961	49.057	-
Consel S.p.A.	9.883	66.761	1.121	83.288	32.107	-
Easy Nolo S.p.A.	6.171	11.589	354	3.360	1.633	-
Immobiliare Lanificio Maurizio Sella S.p.A.	33.687	2.823	284	30.246	25.083	-
Immobiliare Sella S.p.A.	13.876	6.123	(3)	13.059	12.637	-
Secursel S.p.A.	33	36	-	13	8	-
Selfid S.p.A.	1.687	682	127	1.241	1.364	-
Sella Bank Luxembourg S.a.	556.045	33.158	(1.140)	17.913	5.608	-
Sella Capital Management SGR. S.p.A.	13.466	2.597	(73)	10.701	4.564	-
Sella Corporate Finance S.p.A.	1.160	797	115	815	514	-
Sella Gestioni SGR S.p.A.	39.283	55.479	16.937	29.045	24.631	-
Sella Holding N.V.	47.818	4.785	3.484	31.881	47.274	-
Selsoft Direct marketing S.p.A. (<i>winding-up</i>)	421	62	(42)	420	544	-
C. Companies subject to remarkable influence						
S.C.P. VDP1	5.813	193	(3)	1.971	580	-
Total	11.430.079	1.092.352	91.816	850.101	666.296	-

10.3 Equity investments: annual changes

	Total 31/12/2007	Total 31/12/2006
A. Opening assets	636.593	285.357
B. Increases	95.270	353.353
B.1 Purchases	95.270	353.353
B.2 Write-ups	-	-
B.3 Revaluations	-	-
B.4 Other changes	-	-
C. Decreases	65.567	2.117
C.1 Disposals	65.567	2.117
C.2 Value adjustments	-	-
C.4 Other changes	-	-
D. Final balance	666.296	636.593
E. Total revaluations	-	-
F. Total adjustments	22.978	24.410

For details of equity interest movements, see the chapter in the report of the board of directors entitled "Equity investments and dealings with Group companies"

SECTION 11 TANGIBLE FIXED ASSETS – ITEM 110

11.1 Tangible assets: breakdown of assets valued at cost

Assets/values	Total 31/12/2007	Total 31/12/2006
A. Assets for operational use		
1.1 owned	59.153	59.117
a) land	10.268	10.268
b) buildings	36.778	39.064
c) furniture	229	208
d) electronic equipment	10.418	9.577
e) other	1.460	-
1.2 acquired through financial leasing	-	-
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total A	59.153	59.117
B. Assets held for investment purposes		
2.1 owned	1.769	2.229
a) land	932	932
b) buildings	837	1.297
2.2 acquired through financial leasing	-	-
a) land	-	-
b) buildings	-	-
Total B	1.769	2.229
Total (A+B)	60.922	61.346

11.3 Tangible assets for operational use: annual changes

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	10.268	51.514	2.712	82.238	-	146.732
A.1 Total net reductions	-	12.450	2.504	72.661	-	87.615
A.2 Net opening balance	10.268	39.064	208	9.577	-	59.117
B. Increases	-	40	124	7.084	1.998	9.246
B.1 Purchases	-	40	123	7.062	809	8.034
B.2 Capitalised improvement expenses	-	-	-	-	-	-
B.3 Write-ups	-	-	-	-	-	-
B.4 Increases in fair value attributable to:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Increases due to exchange rate differences	-	-	-	-	-	-
B.6 Transfers from properties held for investment purposes	-	-	-	-	-	-
B.7 Other changes	-	-	1	22	1.189	1.212
C. Decreases	-	2.326	103	6.243	538	9.210
C.1 Disposals	-	-	-	7	9	16
C.2 Depreciation	-	1.545	46	5.082	525	7.198
C.3 Value adjustments for impairment attributable to:	-	780	-	-	-	780
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	780	-	-	-	780
C.4 Decreases in fair value attributable to:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Reductions due to exchange rate differences	-	-	-	2	4	6
C.6 Transfers to:	-	-	-	-	-	-
a) tangible assets held for investment purposes	-	-	-	-	-	-
b) assets due for sale	-	-	-	-	-	-
C.7 Other changes	-	1	57	1.152	-	1.210
D. Net closing balance	10.268	36.778	229	10.418	1.460	59.153
D.1 Total net reductions	-	15.184	2.251	63.268	9.875	90.578
D.2 Gross closing balance	10.268	51.962	2.480	73.686	11.335	139.463
E. Valuation at cost	-	-	-	-	-	-

The item voce "Decreases – Value adjustments for impairment, attributable to income statement" refers to a decrease in value of a property in Via Seminari, Biella. During non-routine maintenance work on the roof, several static criticalities were found in the loft, leading to static investigations on the upper floors of the building. Part of the plastering was broken and removed, revealing a highly precarious and even dangerous situation on practically all floors, which had not been foreseen. Almost all brick vaults and the architraves around window were severely damaged, hence the ensuing need to perform immediate provisional work to ensure the overall safety and stability of the building. Later, structural walls were put in place on the floors and in the "sample section" of the vaults to design an organic plan of the works. In light of the structural defects, two external experts were engaged to make independent surveys of the building. The outcome of the surveys showed that the value of the property had been severely compromised and this reduction in value is shown in the income statement. While waiting to proceed with the works, closure was requested until refurbishment of the rooms used by the "Circolo Commerciale", the last remaining tenants in the building; thus, the property is currently in complete disuse.

11.4 Tangible assets held for investment purposes: annual changes

	Land	Total	Buildings
A. Opening assets	932		1.297
B. Increases	-		-
B.1 Purchases	-		-
B.2 Capitalised improvement expenses	-		-
B.3 Increases in fair value	-		-
B.4 Write-ups	-		-
B.5 Increases due to exchange rate differences	-		-
B.6 Transfers from properties held for operational use	-		-
B.7 Other changes	-		-
C. Decreases	-		460
C.1 Disposals	-		-
C.2 Depreciation	-		51
C.3 Reductions in fair value	-		-
C.4 Value adjustments for impairment	-		409
C.5 Reductions due to exchange rate differences	-		-
C.6 Transfers to other asset portfolios	-		-
a) properties for operational use	-		-
b) non-current assets due for sale	-		-
C.7 Other changes	-		-
D. Final balance	932		837
E. Valuation at fair value	-		-

For details of the item "Decreases- Value adjustments for impairment" see the comment on the previous table

11.5 Commitments for tangible assets purchases

	Total 31/12/2007	Total 31/12/2006
Commitments for tangible assets purchases	440	-

SECTION 12 INTANGIBLE FIXED ASSETS – ITEM 120

12.1 Intangible assets: breakdown by asset type

Assets/values	Total 31/12/2007		Total 31/12/2006	
	Limited useful life	Unlimited useful life	Limited useful life	Unlimited useful life
A.1 Goodwill	X	-	X	-
A.2 Other intangible assets:	24.242	-	17.431	-
A.2.1 Assets valued at cost	24.242	-	17.431	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	24.242	-	17.431	-
A.2.2 Assets recognised at fair value	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	24.242	-	17.431	-

12.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		lim.	unlim.	lim.	unlim.	
A. Gross opening balance	-	-	-	91.069	-	91.069
A.1 Total net reductions	-	-	-	73.638	-	73.638
A.2 Net opening balance	-	-	-	17.431	-	17.431
B. Increases	-	-	-	14.507	-	14.507
B.1 Purchases	-	-	-	14.507	-	14.507
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Write-ups	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to income statement	X	-	-	-	-	-
B.5 Increases due to exchange rate differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	-	-	-	7.696	-	7.696
C.1 Disposals	-	-	-	254	-	254
C.2 Value adjustments	-	-	-	7.432	-	7.432
- amortization	X	-	-	7.432	-	7.432
- writedowns	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to income statement	-	-	-	-	-	-
C.3 Reductions in fair value	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets due for sale	-	-	-	-	-	-
C.5 Reductions due to exchange rate differences	-	-	-	10	-	10
C.6 Other changes	-	-	-	-	-	-
D. Net closing balance	-	-	-	24.242	-	24.242
D.1 Total net value adjustments	-	-	-	70.042	-	70.042
E. Gross closing balance	-	-	-	94.284	-	94.284
F. Valuation at cost	-	-	-	24.242	-	24.242

KEY: Lim: limited life - Unlim: unlimited life

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

Current tax assets: breakdown

Advances prepaid to tax authorities	7.063
Deferred tax assets	534
Activities for adherence to consolidated financial statements	7.389
Assets for advance withholding taxes	9
Total	14.994

Current tax liabilities: breakdown

Provision for IRES (Corporation tax)	55
Provision for IRAP (Regional trade tax)	2.168
Provision for indirect taxes	67
Total	2.290

The sub-item "Activities for adherence to consolidated financial statements" consists of benefits related to the company's income tax (so-called IRES), matured on "national consolidated financial statements" – in accordance with article 117 and the following, Consolidated Act on Income Tax, known as the Tuir (Presidential decree no. 917 of 22/12/1986) – of which Sella Holding Banca is the controlling and consolidating company, deriving from, in particular:

- i) compensation for individual tax losses of Sella Holding Banca – and the subsidiary company Sella South Holding – for the tax year 2007, with a positive net taxable 2007 income in the other companies adhering to national tax consolidation,
- ii) attribution to Sella Holding Banca – and the subsidiary Sella South Holding – of the benefit referred to in article 122, paragraph 1, letter a), Tuir, related to "intragroup" dividends received in 2007 and distributed by other companies adhering to national tax consolidation,
- iii) deduction of taxes paid abroad.

13.1 Prepaid tax assets: breakdown

	Ires	Irap	Total
Loss on credits	3.418	198	3.616
Provisions for other risks and charges	802	-	802
Depreciation and valuation of tangible assets	1.199	-	1.199
Other administrative expenses	1.277	10	1.287
Other assets	291	14	305
Staff expenses	794	-	794
Total pre paid taxes (setting off income statement)	7.781	222	8.003
Depreciation and valuation of tangible assets	1.396	-	1.396
Valuation of financial assets available for sale	363	64	427
Total pre paid taxes (setting off shareholders' equity)	1.759	64	1.823

13.2 Deferred taxes liabilities: breakdown

	Ires	Irap	Total
Profits for transfer of financial assets available for sale	370	-	370
Different calculation of depreciation on tangible goods	1.368	-	1.368
Other liabilities	403	-	403
Different calculation of depreciation on intangible goods	209	-	209
Contribution for training costs	98	-	98
Provisions for other risks and charges	9	-	9
Total pre paid taxes (setting off income statement)	2.457	-	2.457
Valuation of financial assets available for sale	85	296	381
Other liabilities	140	-	140
Total pre paid taxes (setting off shareholders' equity)	225	296	521

Information on compensated representation of assets and liabilities for prepaid and deferred taxes

	Ires	Irap	Total
Total prepaid taxes (setting off income statement)	7.781	222	8.003
Total prepaid taxes (setting off shareholders' equity)	1.759	64	1.823
Total deferred taxes (setting off income statement)	(2.457)	-	(2.457)
Total deferred taxes (setting off shareholders' equity)	(225)	(296)	(521)
Total tax assets - prepaid (item 130 b. of Balance sheet - assets)	6.858	-	6.858
Total tax liabilities - deferred (item 80 b. of Balance sheet - liabilities)	-	10	10

The bank proceeded with a new evaluation of assets for prepaid taxes and liabilities for deferred taxes, to determine the impact of the reduced IRES and IRAP rates. The rates used for determination were those in force in the years in which the tax assets will be achieved or the liabilities will have expired: IRES 27.50%; IRAP: 4.82%. Identification of the counterbalance of the variations in prepaid taxes and deferred taxes (income statement or shareholders' equity) was carried out on the basis of information provided by Banca d'Italia, Consob and Isvap in document no. 1, of 21 February 2008, entitled "Trattamento contabile delle variazioni della fiscalità differita derivanti dalla legge finanziaria 2008" (Reporting of changes in deferred taxation deriving from financial law 2008).

In particular, since reporting of the deferred taxation that arises from First Time Adoption is not specifically governed by IAS 12, nor are there references in IFRS 1, the counterbalance was identified distinguishing three circumstances:

- changes in equity from FTA expressing appreciation/depreciation, which would normally be disclosed in the income statement: this refers to appreciation/depreciation which, – if IAS/IFRS had always been applied, would have transited through the income statement: counterbalanced in the income statement;
- changes in equity from FTA expressing appreciation/depreciation, which would normally be disclosed directly as shareholders' equity: counterbalanced in shareholders' equity;
- tax changes concerning the effect of financial reforms on the revaluation of property, as a replacement for cost, carried out on the date of FTA: counterbalanced in shareholders' equity.

These effects are not significant in that, in the past, the bank enjoyed the opportunity provided by Law no. 266 of 23 December 2005 (known as the "Legge Finanziaria 2006") to submit the revaluation to withholding tax with a reduced rate.

13.3 Changes to prepaid taxes (setting off income statement)

	Total 31/12/2007	Total 31/12/2006
1. Initial amount	11.465	38.967
2. Increases	3.100	4.864
2.1 Prepaid taxes paid during the year	3.074	1.849
a) relating to previous years	262	-
b) due to changes in accounting policies	-	-
c) write-up	-	-
d) other	2.812	1.849
2.2 New taxes cancelled during the year	26	-
2.3 Other increases	-	3.015
3. Decreases	6.562	32.366
3.1 Prepaid taxes cancelled during the year	3.676	11.142
a) transfers	3.572	11.142
b) writedowns for unrecoverable items	104	-
c) changes in accounting policies	-	-
3.2 Reductions in tax rates	995	-
3.3 Other decreases	1.891	21.224
4. Final amount	8.003	11.465

The item "Other decreases" refers to reclassification of prepaid taxes counterbalanced in the income statement against prepaid taxes in shareholders' equity. The change in prepaid taxes thus corresponds to the entry in section 18 of the income statement, which takes account of this reclassification.

13.4 Changes to deferred taxes (setting off income statement)

	Total 31/12/2007	Total 31/12/2006
1. Opening balance	4.115	7.997
2. Increases	861	4.004
2.1 Deferred taxes paid during the year	861	1.968
a) relating to previous years	29	-
b) due to changes in accounting policies	-	-
c) other	832	1.968
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	2.036
3. Decreases	2.519	7.886
3.1 Prepaid taxes cancelled during the year	2.004	7.886
a) transfers	343	5.103
b) due to changes in accounting policies	-	-
c) other	1.661	2.783
3.2 Reductions in tax rates	325	-
3.3 Other decreases	190	-
4. Final amount	2.457	4.115

The item "Other decreases" refers to reclassification of deferred taxes counterbalanced in the income statement against deferred taxes in shareholders' equity. The change in deferred taxes thus corresponds to the entry in section 18 of the income statement, which takes account of this reclassification. The sub-items 3.2 of tables 13.3 and 13.4 show the decreases, counterbalances in the income statement, of previous prepaid and deferred taxes due to the reduction in tax rates from the financial year 2008.

13.5 Changes to prepaid taxes (setting off shareholders' equity)

	Total 31/12/2007	Total 31/12/2006
1. Opening balance	-	-
2. Increases	2.318	-
2.1 Prepaid taxes paid during the year	427	-
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	427	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1.891	-
3. Decreases	495	-
3.1 Prepaid taxes cancelled during the year	216	-
a) transfers	-	-
b) writedowns for unrecoverable items	216	-
c) due to changes in accounting policies	-	-
3.2 Reductions in tax rates	279	-
3.3 Other decreases	-	-
4. Final amount	1.823	-

The item "Other increases" refers to reclassification of prepaid taxes counterbalanced in the income statement against prepaid taxes in shareholders' equity.

13.6 Changes to deferred taxes (setting off shareholders' equity)

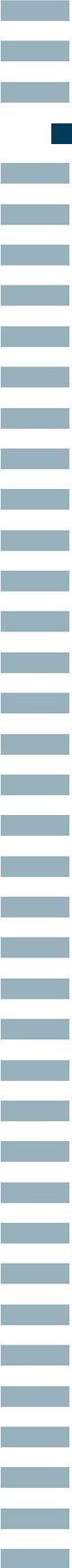
	Total 31/12/2007	Total 31/12/2006
1. Opening balance	2.113	95
2. Increases	571	2.113
2.1 Deferred taxes paid during the year	381	2.113
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	381	2.113
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	190	-
3. Decreases	2.163	95
3.1 Deferred taxes cancelled during the year	2.135	95
a) transfers	2.113	95
b) due to changes in accounting policies	-	-
c) other	22	-
3.2 Reductions in tax rates	28	-
3.3 Other decreases	-	-
4. Final amount	521	2.113

The item "Other increases" refers to reclassification of deferred taxes counterbalanced in the income statement against deferred taxes in shareholders' equity.

SECTION 15 OTHER ASSETS – ITEM 150

15.1 Other assets: breakdown

	Total 31/12/2007	Total 31/12/2006
Receivable transit entries	-	1.115
Inventory forms	143	157
Miscellaneous payment orders in the process of collection	24.567	14.042
Countervalues on trading of securities being settled	30.331	54.561
Unpaid bills and coupons being traded	9.847	10.001
Current account cheques drawn against third parties	380	72
Current account cheques drawn against the bank	14.376	12.826
Commissions, fees and other income being collected	37.007	23.277
Expenses for improvements to third-party property	79	89
Advances and loans to suppliers	1.175	13
Contentious items not deriving of credit transactions	808	1.430
Rediscounts on administrative expenses and commissions	541	2.059
Credits to reinsurance companies	3.808	-
Other	6.463	11.548
Total	129.525	131.190



PART B - INFORMATION ON THE BALANCE SHEET

LIABILITIES



SECTION 1 DUE TO BANKS – ITEM 10

1.1 Due to banks: product breakdown

Type of transaction/Values	Total 31/12/2007	Total 31/12/2006
1. Due to central banks	1.098	9.997
2. Due to banks	3.402.999	2.921.625
2.1 Bank accounts and demand deposits	1.348.166	1.694.411
2.2 Term deposits (including term accounts)	1.374.485	798.948
2.3 Loans	13.189	23.875
2.3.1 financial leasing	-	-
2.3.2 other	13.189	23.875
2.4 Debt for repurchase of own capital instruments	-	-
2.5 Liabilities on assets sold but not removed from balance sheet	38.958	110
2.5.1 repurchase agreements liabilities	38.958	110
2.5.2 other	-	-
2.6 Other payables	628.201	404.281
2.6.1 other payables - REPOs	628.201	404.281
2.6.2 other payables - Other	-	-
Total	3.404.097	2.931.622
Fair value	3.404.097	2.931.622

The change in the item "Due to banks - Term deposits" is mainly due to two factors. The first is related to the rise in the parameter for the minimum liquidity to be held at group level from 8% to 12%, following the subprime mortgage crisis in the USA, which brought a considerable increase in collections through interbank time deposits. The second, which is less significant, was due to the need to counterbalance the decrease in the item current accounts and demand deposits.

The increase in the item "Due to banks – Other payables– Repurchase agreements" is due to the greater demand for repurchase agreements by customers of network banks, which purchase securities from the Holding.

SECTION 2 DUE TO CUSTOMERS – ITEM 20

2.1 Due to customers: product breakdown

Type of transaction/Values	Total 31/12/2007	Total 31/12/2006
1. Current accounts and demand deposits	130.528	159.222
2. Term deposits and term accounts	11.837	19.619
3. Managed third-party funds	-	-
4. Financing	-	-
4.1 financial leasing	-	-
4.2 other	-	-
5. Debt for purchase of own capital instruments	-	-
6. Liabilities on assets sold but not removed from balance sheet	-	-
6.1 repurchase agreements	-	-
6.2 other	-	-
7. Other payables	45.783	46.884
7.1 REPOs	-	-
7.2 Other	45.783	46.884
Total	188.148	225.725
Fair value	188.148	225.725

SECTION 3 OUTSTANDING SECURITIES – ITEM 30

3.1 Outstanding securities: product breakdown

Type of securities/Values	Total 31/12/2007		Total 31/12/2006	
	book value	fair value	book value	fair value
A. Listed securities	855.495	852.966	854.770	853.836
1. Bonds	855.495	852.966	854.770	853.836
1.1 structured	-	-	-	-
1.2 other	855.495	852.966	854.770	853.836
2. Other securities	-	-	-	-
2.1 structured	-	-	-	-
2.2 other	-	-	-	-
B. Unlisted securities	467.053	466.543	426.465	427.244
1. Bonds	467.053	466.543	426.465	427.244
1.1 structured	15.838	15.432	14.883	14.939
1.2 other	451.215	451.111	411.582	412.305
2. Other securities	-	-	-	-
2.1 structured	-	-	-	-
2.2 other	-	-	-	-
Total	1.322.548	1.319.509	1.281.235	1.281.080

During 2007 Sella Holding Banca made the following bond issues:

- euro 100m for a 3-year fixed rate indexed security, with the aim of financing the liquidity needs of Gruppo Banca Sella and also for better matching of due dates;
- euro 10m and euro 30m for two Lower Tier II indexed rate, subordinate loans with, in addition to the above aim, is also used to increase capital for supervisory purposes in the bank and the group.

Total refunds made during the year were euro 101.2m.

3.2 Details of item 30 “Outstanding securities”: subordinated securities

	Total 31/12/2007	Total 31/12/2006
- subordinated securities	289.667	268.257
Total	289.667	268.257

3.3 Outstanding securities: securities subject to micro- hedging

	Total 31/12/2007	Total 31/12/2006
1. Receivables subject to fair value specific hedging	18.359	24.086
a) interest rate risk	18.359	24.086
b) exchange rate risk	-	-
c) multiple risks	-	-
2. Receivables subject to cash flow specific hedging	-	-
a) interest rate risk	-	-
b) exchange rate risk	-	-
c) other	-	-

SECTION 4 TRADING FINANCIAL LIABILITIES – ITEM 40

4.1 Financial trading liabilities: product breakdown

Type of transaction/Values	Total 31/12/2007				Total 31/12/2006			
	NV	FV		FV*	NV	FV		FV*
		L	UL			L	UL	
A. Cash liabilities								
1. Due to banks	12	-	12	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	X	-	-	-	X
3.1.2 Other bonds	-	-	-	X	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	X	-	-	-	X
3.2.2 Other	-	-	-	X	-	-	-	X
Total A	12	-	12	-	-	-	-	-
B. Derivative instruments								
1. Financial derivatives	-	3.374	45.640	-	-	2.203	41.399	-
1.1 trading	X	3.374	43.934	X	X	1.802	41.399	X
1.2 connected to fair value option	X	-	-	X	X	-	-	X
1.3 other	X	-	1.706	X	X	401	-	X
2. Credit derivatives	-	-	-	-	-	-	574	-
2.1 trading	X	-	-	X	X	-	-	X
2.2 connected to fair value option	X	-	-	X	X	-	-	X
2.3 other	X	-	-	X	X	-	574	X
Total B	X	3.374	45.640	X	X	2.203	41.973	X
Total A+B	12	3.374	45.652	-	-	2.203	41.973	-

KEY

FV = fair value

FV* = fair value calculated excluding the value changes due to the change of credit worthiness of the issuer with regard to the issue date

NV = Nominal or notional value

L= Listed

UL = Unlisted

4.4 Financial trading liabilities: derivative instruments

Type of derivatives/Underlying assets	Interest rates	Currency and gold	Equities	Credits	Other	Total 31/12/2007	Total 31/12/2006
A) Listed derivatives							
1. Financial derivatives:	97	-	3.277	-	-	3.374	2.203
• with exchange of principal	97	-	-	-	-	97	-
- option issued	97	-	-	-	-	97	-
- other derivatives	-	-	-	-	-	-	-
• with no exchange of principal	-	-	3.277	-	-	3.277	2.203
- option issued	-	-	3.277	-	-	3.277	2.203
- other derivatives	-	-	-	-	-	-	-
2. Credit derivatives:	-	-	-	-	-	-	-
• with exchange of principal	-	-	-	-	-	-	-
• with no exchange of principal	-	-	-	-	-	-	-
Total A	97	-	3.277	-	-	3.374	2.203
B) Unlisted derivatives							
1. Financial derivatives:	22.249	21.666	1.725	-	-	45.640	41.399
• with exchange of principal	-	20.443	-	-	-	20.443	16.496
- option issued	-	2.906	-	-	-	2.906	2.797
- other derivatives	-	17.537	-	-	-	17.537	13.699
• with no exchange of principal	22.249	1.223	1.725	-	-	25.197	24.903
- option issued	5.111	-	1.725	-	-	6.836	5.386
- other derivatives	17.138	1.223	-	-	-	18.361	19.517
2. Credit derivatives:	-	-	-	-	-	-	574
• with exchange of principal	-	-	-	-	-	-	574
• with no exchange of principal	-	-	-	-	-	-	-
Total B	22.249	21.666	1.725	-	-	45.640	41.973
Total A+B	22.346	21.666	5.002	-	-	49.014	44.176

SECTION 6 HEDGING DERIVATIVES – ITEM 60

6.1 Hedging derivatives: breakdown by contract type and underlying assets

Derivative type/Underlying assets	Interest rates	Currency and gold	Equities	Credits	Other	Total
A) Listed						
1) Financial derivatives	-	-	-	-	-	-
• with exchange of principal	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• with no exchange of principal	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
2) Credit derivatives	-	-	-	-	-	-
with exchange of principal	-	-	-	-	-	-
• with no exchange of principal	-	-	-	-	-	-
Total A	-	-	-	-	-	-
B) Unlisted						
1) Financial derivatives	8.133	-	-	-	-	8.133
• with exchange of principal	-	-	-	-	-	-
- options issued	-	-	-	-	-	-
- other derivatives	-	-	-	-	-	-
• with no exchange of principal	8.133	-	-	-	-	8.133
- options issued	-	-	-	-	-	-
- other derivatives	8.133	-	-	-	-	8.133
2) Credit derivatives	-	-	-	-	-	-
• with exchange of principal	-	-	-	-	-	-
• with no exchange of principal	-	-	-	-	-	-
Total B	8.133	-	-	-	-	8.133
Total (A+B) 31/12/2007	8.133	-	-	-	-	8.133
Total (A+B) 31/12/2006	227	-	-	-	-	227

The item "Unlisted financial derivatives with no exchange of capital – other derivatives" refers to the hedging of the interest rate risk for fixed-rate bond issues and a repurchase operation, through interest rate swaps.

6.2 Hedging derivatives: breakdown by hedged portfolio and type of cover

Transaction/Type of hedge	Fair value hedge					Cash flow hedge		
	Micro					Macro	Micro	Macro
	interest rate	exchange rate risk	credit risk	price risk	multiple risks			
1. Financial assets available for sale	-	-	-	-	-	X	-	X
2. Receivables	8.093	-	-	X	-	X	-	X
3. Financial assets held to maturity	X	-	-	X	-	X	-	X
4. Portfolio	X	X	X	X	X	-	X	-
Total assets	8.093	-	-	-	-	-	-	-
1. Financial liabilities	40	-	-	-	-	X	-	X
2. Portfolio	X	X	X	X	X	-	X	-
Total liabilities	40	-	-	-	-	-	-	-

SECTION 10 OTHER LIABILITIES – ITEM 100

10.1 Other liabilities: breakdown

Voci	Total 31/12/2007	Total 31/12/2006
Items in transit	203	1.142
Advances to tax authorities for third parties	1.724	1.461
Adjustments for non-liquid portfolio items	82.315	27.289
Liquid funds available to customers	5.113	10.275
Bank transfers and other due payments	47.108	73.533
Due to suppliers and fees to miscellaneous	32.313	31.510
Personnel expenses	17.098	2.375
Guarantees and commitments	125	-
Contributions payable to various entities	621	383
Rediscounts	64	311
Other	9.816	13.661
Total	196.500	161.940

SECTION 11 STAFF SEVERANCE – ITEM 110

11.1 Staff severance: annual changes

	Total 31/12/2007	Total 31/12/2006
A. Opening assets	14.482	30.420
B. Increases	(1.350)	2.740
B.1 Provisions	(1.454)	1.776
B.2 Other increases	104	964
C. Decreases	691	18.678
C.1 Severance pay-outs	550	622
C.2 Other decreases	141	18.056
D. Final balance	12.441	14.482

* Item B.1 "Provisions" includes the positive effect of the discounting back of 1,680 thousand euro in staff severance.

NEW EVALUATION OF STAFF SEVERANCE IN ACCORDANCE WITH LAW NO. 296 OF 27 DECEMBER 2006

Law 296 of 27 December 2006 substantially modifies the criteria for managing staff severance pay, starting from 1 January 2007, obliging employees to choose whether to maintain annual severance pay or transform it into complementary pension contributions.

The law confirms the obligation of companies with more than 50 employees, as is the case of Sella Holding Banca, to cash future severance pay instalments and pay them as complementary pension contributions, depending on the decision of individual employees and/or to the Treasury Fund of INPS, which will receive future provisions to be handled as staff severance pay.

Companies with more than 50 employees have to monetize staff severance and begin paying it into pension funds or the treasury fund, and limit the severance pay sums due to their employees to the amounts already accrued up to the date of the employee's decision.

Current civil code regulations in Italy require that total severance pay sums matured by each employee, be fully reported in the financial statements as if the work relationship ended on that date.

IAS 19 divides services subsequent to the end of the relationship into defined contribution (the company's commitment ends with payment of the annual contribution) and defined benefit (the company guarantees the agreed benefit) pension plans.

In particular, severance pay is part of Employee Benefit Costs, which are linked to seniority, salary and variations in the cost of living index. As benefits may be paid on dates and in amounts that are not fixed, IAS criteria require disclosure of the actuarial estimate of the actual benefit due to company employees.

For companies with more than 50 employees, severance pay benefit guaranteed is limited to the amount already set aside. The pension plan is limited to the amount already set aside and the actuarial evaluation does not use PUCM criteria.

Current regulations for severance pay provisions include:

- 7.41% of employee retribution to be set aside annually net of any sums destined for pension funds;
- 0.50% contribution for compulsory general insurance;
- staff severance fund revalued annually at 1.50% + 75% of inflation;
- 11% withholding tax on revaluations;
- retirement age is 65 for men and 60 for women;
- minimum of 40 years' of contributions for retirement below official retirement age;
- age limits for fewer than 40 years' contributions and for certain categories.

The above method requires an actuarial assumption based on the current regulations for staff severance provisions and on a series of demographic-financial hypotheses, mentioned in IAS 19 as "a company's best estimate of the variables that will determine the ultimate cost of providing post-employment benefits":

- a) demographic hypotheses: mortality, incapacity and turnover;
- b) financial hypotheses: capitalization of staff severance
growth rate of retributions
discount rate used for evaluations.

SECTION 12 PROVISIONS FOR RISKS AND CHARGES – ITEM 120

12.1 Provisions for risks and charges: breakdown

Items/Values	Total 31/12/2007	Total 31/12/2006
1. Company retirement provisions	-	-
2. Other provisions for risks and charges	47.742	47.477
2.1. Legal disputes	1.640	1.487
2.2. Operating risk	45.354	45.446
2.3. Personnel expenses	198	40
2.4 Other	550	504
Total	47.742	47.477

For details of the item " Operating risks", see the chapter in the report of the board of directors entitled "Equity investments and dealings with Group companies" under the sub-item "Commitments".

12.2 Provisions for risks and charges: annual changes

	Retirement provisions	Legal disputes	Operating risks	Personnel expenses	Other	Total
A. Opening assets	-	1.487	45.446	40	504	47.477
B. Increases	-	722	798	238	735	2.493
B.1 Allocated for the year	-	694	-	198	735	1.627
B.2 Changes due to time	-	28	798	-	-	826
B.3 Changes due to discount rate variations	-	-	-	-	-	-
B.4 Other changes	-	-	-	40	-	40
- business combination transactions (+)	-	-	-	-	-	-
- calculated exchange difference (+)	-	-	-	-	-	-
- other changes (+)	-	-	-	40	-	40
C. Decreases	-	569	890	80	689	2.228
C.1 Funds used during period	-	391	-	58	20	469
C.2 Changes due to discount rate variations	-	2	23	-	-	25
C.3 Other changes	-	176	867	22	669	1.734
- business combination transactions (-)	-	-	-	-	-	-
- calculated exchange difference (-)	-	-	-	-	-	-
- other changes (-)	-	176	867	22	669	1.734
D. Final balance	-	1.640	45.354	198	550	47.742

SECTION 14 CONSOLIDATED CAPITAL – ITEM 130, 150, 160, 170,180, 190, 200

14.1 Corporate assets: breakdown

Items/Value	Balance 31/12/2007	Balance 31/12/2006
1. Share capital	80.000	80.000
2. Share premium	49.414	49.414
3. Reserves	238.145	228.642
4. (Own shares)	-	-
5. Valuation reserves	21.966	55.566
6. Capital instruments	-	-
7. Profit (loss) for the year	65.713	7.908
Total	455.238	421.530

14.2 “Share -capital” and “Own shares”: breakdown

	Issued shares	Shares subscribed but not yet paid up	Total 31/12/2007	Total 31/12/2006
A. Share Capital				
A.1 common shares	80.000	-	80.000	80.000
A.2 preference shares	-	-	-	-
A.3 other shares	-	-	-	-
Total A	80.000	-	80.000	80.000
B. Own shares				
B.1 common shares	-	-	-	-
B.2 preference shares	-	-	-	-
B.3 other shares	-	-	-	-
Total B	-	-	-	-

14.3 Share-capital - Number of shares: annual variations

Items/type	Common	Other
A. Total shares at start of period	160.000.000	-
- fully paid up	160.000.000	-
- not fully paid up	-	-
A.1 Own shares (-)	-	-
A.2 Outstanding shares: opening balance	160.000.000	-
B. Increases	-	-
B.1 New issues	-	-
- for payment	-	-
- company merger operations	-	-
- bond conversion	-	-
- warrant option	-	-
- other	-	-
- free of charge	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sale of own shares	-	-
B.3 Other changes	-	-
C. Decreases	-	-
C.1 Cancellation	-	-
C.2 Purchase of own shares	-	-
C.3 Transfer of companies operation	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing stocks	160.000.000	-
D.1 Own shares (+)	-	-
D.2 Total shares at end of period	160.000.000	-
- fully paid up	160.000.000	-
- not fully paid up	-	-

14.5 Profits reserves: other information

	Total 31/12/2007	Total 31/12/2006
1. Legal reserve	28.759	28.759
2. Statutory reserve	33.869	30.706
3. Extraordinary reserve	97.652	97.508
3.1 Free reserve	94.616	94.919
3.2 Under the obligation of Law 266/05 art. 1 paragraph 469	3.036	2.589
4. Reserve ex Legislative Decree 41/95 art. 25 paragraph 3	74.943	74.943
5. Realignment reserve ex Law 266/05 art. 1 paragraph 469	18.344	18.344
6. Legal reserve as per Law 218/90 art. 7	2.586	2.586
7. Reserve of reinvested capital gains	710	710
8. Special reserve as per Legislative Decree 124/93 art. 13	239	238
9. Reserve from merger surplus with Sella South Holding	6.194	-
10. Reserve as per adoption of IAS/IFRS standards	(21.219)	(21.220)
11. Reserve from purchase of corporate branch from the Group	(144)	(144)
12. Profits/loss carried forward for adoption of IAS/IFRS standards	(3.788)	(3.788)
13. Contribution reserve as per Law 218/90	-	-
Total	238.145	228.642

14.7 Valuation reserves: breakdown

	Total 31/12/2007	Total 31/12/2006
1. Financial assets available for sale	4.754	37.907
2. Tangible assets	-	-
3. Intangible assets	-	-
4. Hedging of foreign investments	-	-
5. Hedging of cash flows	-	-
6. Exchange rate difference	-	-
7. Non-current assets due for sale	-	-
8. Special revaluation laws	17.212	17.659
8.1 Revaluation as per Law 342/00	8.895	8.895
8.2 Revaluation of buildings for adoption of IAS/IFRS standards (bound as per Law 266/05 art.1 paragraph 469)	8.317	8.764
Total	21.966	55.566

In the table of movements below, the reduction in provisions for assets available for sale refers to the share exchange between Borsa Italiana and London Stock Exchange Group, with consequent issue in the income statement of the previous evaluation at fair value of Borsa Italiana and the later evaluation at fair value of the new stake London Stock Exchange Group.

14.8 Valuation reserves: annual variations

	Financial assets available for sale	Tangible assets	Intangible assets	Hedging of foreign investments	Cash flows hedging	Exchange rate differences	Non-currents assets due for sale	Special revaluation laws
A. Opening assets	37.907	-	-	-	-	-	-	17.659
B. Increases	4.763	-	-	-	-	-	-	48
B.1 Fair value increases	4.763	-	-	-	-	-	-	-
B.2 Other changes	-	-	-	-	-	-	-	48
C. Decreases	37.907	-	-	-	-	-	-	495
C.1 Fair value reductions	-	-	-	-	-	-	-	-
C.2 Other changes	37.907	-	-	-	-	-	-	495
D. Final balance	4.763	-	-	-	-	-	-	17.212

14.9 Valuation reserves of financial assets available for sale: breakdown

Assets/values	Total 31/12/2007		Total 31/12/2006	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	-	-	-
2. Equities	4.763	-	37.907	-
3. Mutual funds O.I.C.R.	-	-	-	-
4. Financing	-	-	-	-
Total	4.763	-	37.907	-

14.10 Valuation reserves of financial assets available for sale: annual variations

	Debt securities	Equities	Mutual funds O.I.C.R.	Loans
1. Opening balance	-	37.907	-	-
2. Positive variations	-	4.763	-	-
2.1 Fair value increases	-	4.763	-	-
2.2 Allocation of negative reserves to income statement	-	-	-	-
- from deterioration	-	-	-	-
- from sales	-	-	-	-
2.3 Other changes	-	-	-	-
3. Negative variations	-	37.907	-	-
3.1 Fair value reductions	-	-	-	-
3.2 Deterioration adjustments	-	-	-	-
3.3 Allocation of positive reserves to income statement:				
from sale	-	37.907	-	-
3.4 Other variations	-	-	-	-
4. Final balance	-	4.763	-	-

Detail on use of Reserves (Drafted as per Art. 2427 c. 7bis of Civil Code)

Origin/Description	Amount	Utilisations' options (*)	Distributable share	Summary of uses carried out in the three previous periods	
				For losses hedging	For other reasons
Share capital	80.000				
Share-capital reserves					
Premium share reserves	49.414	A - B - C	49.414		
Profits reserves					
Legal reserve	28.759	B			
Statutory reserve	33.869	B			
Extraordinary reserve	94.616	A - B - C	94.616		5.000
Under the obligation of Law 266/05 art. 1 paragraph 469	3.036	A - B ⁽¹⁾ - C ⁽²⁾	3.036		
Reserve ex Legislative Decree 41/95 art. 25 paragraph 3	74.943	A ⁽³⁾ - B ⁽¹⁾ - C ⁽³⁾	74.943		
Realignment reserve ex Law 266/05 art. 1 paragraph 469	18.344	A - B ⁽¹⁾ - C ⁽²⁾	18.344		
Legal reserve as per Law 218/90 art. 7	2.586	A - B - C ⁽²⁾	2.586		
Reserve of reinvested capital gains	710	A - B - C ⁽²⁾	710		
Special reserve as per Legislative Decree 124/93 art. 13	239	A - B - C ⁽²⁾	239		
Reserve from surplus of merger with company of the Group	6.194	A - B - C			
Reserves from first application of IAS/IFRS standards					
Reserve from adoption of IAS/IFRS standards as per Legislative Decree 38/05 art. 7 paragraph 3	148	A - B - C	148		
Reserve from adoption of IAS/IFRS standards as per Legislative Decree 38/05 art. 7 paragraph 4	1.223	A - B - C	1.223		
Reserve from adoption of IAS/IFRS standards as per Legislative Decree 38/05 art. 7 paragraph 5	8.002	A - B - C	8.002		
Reserve from adoption of IAS/IFRS standards as per Legislative Decree 38/05 art. 7 paragraph 7	(34.380)	---	(34.380)		
Valuation reserves					
Revaluation reserve as per Law 342/00	8.895	A - B ⁽¹⁾ - C ⁽²⁾	8.895		
Revaluation from adoption of IAS/IFRS standards as per Legislative Decree 38/05 art. 7 comma 6 ⁽⁵⁾	8.317	A - B ⁽¹⁾ - C ⁽²⁾	8.317		
Valuation reserve of assets available for sale as per Legislative Decree 38/05 art. 2 paragraph 7	4.754	---			
Other reserves					
Reserve from purchase of corporate branch from the Group	(144)	---	(144)		
Total	389.524		235.949		
Non distributable share as per art 2426 n.5 cc					-
Distributable share surplus			235.949		

(*) *Legenda: A: for capital increase B: loss hedging C: distribution to shareholders*

⁽¹⁾ *If used to hedge losses it cannot give rise to a profit distribution until the reserve is integrated or reduced in a corresponding amount. The reduction should take place by prior authorization of the extraordinary shareholders' meeting, without complying with the paragraphs 2nd and 3rd of art. 2445 c.c..*

⁽²⁾ *If not charged to the share-capital the reserve can only be reduced by complying with the provisions of paragraphs 2nd and 3rd of art. 2445 c.c.. If it was distributed to shareholders the reserve contributes to the formation of the company's taxable income.*

⁽³⁾ *If charged to the share capital or distributed to the shareholders the reserve contributes to the formation of the company's taxable income.*

⁽⁴⁾ *The reserve is unavailable as per art. 6 of Legislative Decree 38/05.*

⁽⁵⁾ *The reserve is bound as per Law 266/05 art. 1 paragraph 469*

OTHER INFORMATION

1. Guarantees issued and commitments

Operations	Balance 31/12/2007	Balance 31/12/2006
1) Financial guarantees issued	34.935	4.000
a) banks	34.935	4.000
b) customers	-	-
2) Trade guarantees issued	16	41.471
a) banks	-	41.390
b) customers	16	81
3) Irrevocable commitments to fund lending	533.851	269.145
a) banks	356.947	187.070
i) certain to be called on	356.722	187.070
ii) not certain to be called on	225	-
b) customers	176.904	82.075
i) certain to be called on	176.904	78.197
ii) not certain to be called on	-	3.878
4) Commitments underlying credit derivatives: protection sales	-	61.600
5) Asset-backed third-party bonds	94.145	78.172
6) Other commitments	113.104	137.700
Total	776.051	592.088

For details of the item "Other commitments", see the chapter in the report of the board of directors entitled "Equity investments and dealings with Group companies" under the sub-item "Commitments".

2. Assets pledged against liabilities and commitments

Portfolios	Balance 31/12/2007	Balance 31/12/2006
1. Financial assets held for trading	168.525	39.219
2. Financial assets designated at fair value	-	-
3. Financial assets available-for-sale	-	-
4. Financial assets held to maturity	64.441	57.905
5. Loans to banks	-	-
6. Loans to customers	-	-
7. Tangible assets	-	-

The item "financial assets held for trading" consists of securities used as guarantee for:

- repurchase agreements worth 4,250 thousand euro;
- advances from Banca d'Italia worth 65,233 thousand euro;
- derivatives worth 99,042 thousand euro.

The item "financial assets held to maturity" consists of securities used as guarantee for:

- repurchase agreements worth 34,971 thousand euro;
- banker's draft from Banca d'Italia worth 14,990 thousand euro;
- advances from Banca d'Italia worth 1,009 thousand euro;
- derivatives worth 13,471 thousand euro.

REPURCHASE AGREEMENTS

There are no particular clauses or conditions related to this guarantee.

ISSUE OF BANKER'S DRAFTS

Banks authorised to issue drafts must pay a deposit to Banca d'Italia. The minimum value of the deposit is 20% of the total amount of the drafts in circulation. Banca d'Italia keeps the deposits and checks that they are duly proportionate to the amounts of the drafts in circulation and clearance of deposited financial instruments.

Banks with discrepancies in the deposits made must take corrective measures to rectify these. according to the case, as soon as possible after notification, or when integrating deposits, within five days of the complaint. In the event of non-integration of violation of regulations regarding the amount or composition of deposits, the bank may be fined between euro 516.46 and euro 25,822.84, in accordance with article 144, paragraph 1, of Legislative Decree no. 385/93.

ADVANCES FROM BANCA D'ITALIA

For the advances made by Banca d'Italia to fund time discrepancies within the same day between payments and collections, Sella Holding Banca has to pledge assets, which are held as special security deposit guarantee accounts with Banca d'Italia.

If a pledge is not made within the prescribed terms and if this violation is prolonged, Banca d'Italia may terminate the agreement. This means immediate closure of the same-day advance account, and consequently, mandatory payment of the sums due in the account and repayment of loans.

DERIVATIVES

Sella Holding Banca belongs to the guarantee system run by Cassa di Compensazione e Garanzia, through payment of margins. The final settlement of contractual positions on financial derivatives may take place through differentiated cash liquidation or with "delivery" of the underlying assets, in accordance with the provisions of the agreement.

In the event of non-settlement or insolvency, Cassa di Compensazione e Garanzia closes the account of the non-payer and determines the amounts due for this action.

4. Brokerage and management for third-party

Type of service	Balance 31/12/2007	Balance 31/12/2006
1. Trading of third-party financial instruments	185.547.025	167.052.763
a) Purchases	91.834.632	82.434.296
1. settled	91.595.271	82.127.203
2. not settled	239.361	307.093
b) Sales	93.712.393	84.618.467
1. settled	93.401.708	84.268.080
2. not settled	310.685	350.387
2. Assets management	-	-
a) Individual	-	-
b) Collective	-	-
3. Custody and administration of securities	32.121.129	31.042.257
a) Third-party securities on deposit: related to custodian services (excluding asset management)	2.341.360	2.177.251
1. securities issued by companies included within consolidation	-	-
2. other securities	2.341.360	2.177.251
b) Other third-party securities on deposit (excluding asset management): other	13.778.452	13.625.824
1. securities issued by companies included within consolidation	255.513	294.640
2. other securities	13.522.939	13.331.184
c) Third-party securities deposited with third-parties	14.579.311	13.902.929
d) Own securities deposited with third-parties	1.422.006	1.336.253
4. Other operations*	29.071.003	-

* Under item "Other operations" the volume of reception and order transfer has been introduced, broken down as follows:
- purchases 14,473,116
- sales 14,597,887



PART C - INCOME STATEMENT



SECTION 1 INTEREST – ITEMS 10 AND 20

1.1 Interest receivable or similar revenues: breakdown

Technical forms/items	Financial assets in bonis		Non perf. financial assets	Other assets	Total 31/12/2007	Total 31/12/2006
	Debt securities	Loans				
1. Financial assets held for trading	12.487	-	-	12.364	24.851	35.276
2. Financial assets available-for-sale	-	-	-	-	-	-
3. Financial assets held-to-maturity	3.001	-	-	-	3.001	2.783
4. Due from to banks	33.578	99.136	-	-	132.714	88.729
5. Due from to customers	-	61.052	-	-	61.052	39.891
6. Financial assets designated at fair value	-	-	-	-	-	-
7. Hedge derivatives	X	X	X	71	71	533
8. Financial assets transferred but not eliminated	5.265	-	-	-	5.265	373
9. Other assets	X	X	X	1.254	1.254	861
Total	54.331	160.188	-	13.689	228.208	168.446

The variation in the items "Due from Banks" and "Due from Customers" is due to the general increase in market interest rates. In particular, in the case of the euro, in which most of Sella Holding Banca stock is held, the average rate over three months rose from 3.07% in 2006 to 4.27% in 2007 (approximately 50% rise which corresponds to the increase of the relevant items).

1.3 Interests receivable and similar revenues: other information

1.3.1 Interests receivable on financial assets in currency

	Total 31/12/2007	Total 31/12/2006
- on assets in currency	32.885	40.639
Total	32.885	40.639

1.4 Interest payable and similar charges: breakdown

Technical forms/items	Payables	Securities	Other liabilities	Total 31/12/2007	Total 31/12/2006
1. Due to banks	144.787	X	-	144.787	96.453
2. Due to customers	3.436	X	-	3.436	3.837
3. Securities in circulation	X	56.564	-	56.564	35.231
4. Financial liabilities held for trading	-	-	10.175	10.175	14.635
5. Financial liabilities evaluated at fair value	-	-	-	-	-
6. Financial liabilities relative to assets assigned not cancelled	4.951	-	-	4.951	5.110
7. Other liabilities	X	X	49	49	-
8. Hedge derivatives	X	X	8.653	8.653	8.580
Total	153.174	56.564	18.877	228.615	163.846

The variation in the item "Due to banks" is the consequence of the increase required by the Group's minimum liquidity parameter from 8% to 12% and the increase in interbank interest rates.

1.5 Interest payable and similar charges: differentials relative to the cover operations

Items/Values	Total 31/12/2007	Total 31/12/2006
A. Positive differentials relative to operations such as:		
A.1 Specific cover of fair value of assets	-	-
A.2 Specific cover of fair value of liabilities	71	533
A.3 Generic cover of interest rate risk	-	-
A.4 Specific cover of assets financial flows	-	-
A.5 Specific cover of liabilities financial flows	-	-
A.6 Generic cover of financial flows	-	-
Total positive differentials (A)	71	533
B. Negative differentials relative to operations such as:		
B.1 Specific cover of fair value of assets	8.643	8.393
B.2 Specific cover of fair value of liabilities	10	187
B.3 Generic cover of interest rate risk	-	-
B.4 Specific cover of assets financial flows	-	-
B.5 Specific cover of liabilities financial flows	-	-
B.6 Generic cover of financial flows	-	-
Total negative differentials (B)	8.653	8.580
C. Balance (A-B)	(8.582)	(8.047)

At 31/12/2006 the sum of "Negative differentials related to specific cover of fair value" is divided into hedging of assets and liabilities, to provide better representation of the hedging of fair value in relation to the 2007 value.

1.6 Interest payable and assimilated charges: other information

1.6.1 Interest payable on financial liabilities in currency

	Total 31/12/2007	Total 31/12/2006
- on liabilities in currency	25.794	29.768
Total	25.794	29.768

SECTION 2 COMMISSIONS – ITEMS 40 AND 50

2.1 Commissions receivable: breakdown

Type of services/Values	Total 31/12/2007	Total 31/12/2006
a) guarantees issued	105	29
b) credit derivatives	-	143
c) management, brokerage and consultancy services:	18.913	20.011
1. financial instruments trading	11.338	11.394
2. currency trading	47	42
3. assets management	-	-
3.1. individual	-	-
3.2. collective	-	-
4. custody and administration of securities	720	1.187
5. bank custodian	2.696	3.180
6. placement of securities	1.075	1.023
7. orders collection	3.026	2.956
8. consulting	-	50
9. distribution of third party services	11	179
9.1. assets management	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2. insurance products	-	-
9.3. other products	11	179
d) collection and payment services	66.473	61.770
e) servicing for securitisation operations	1	-
f) factoring services	-	-
g) inland revenue	-	-
h) other services	8.586	9.035
- debit and credit cards	6.857	7.509
- recovery of post office expenses, printouts etc.	1.710	1.500
- commissions and fees on contracts with credit institutions	11	1
- other	8	25
Total	94.078	90.988

2.2 commissions receivable: distribution channels of products and services

Channels/Values	Total 31/12/2007	Total 31/12/2006
a) at its own branches:	1.050	825
1. Assets management	-	-
2. Placing of securities	1.039	825
3. Third party products and services	11	-
b) offsite offer:	-	179
1. Assets management	-	-
2. Placing of securities	-	-
3. Third party products and services	-	179
c) other distribution channels:	36	198
1. Assets management	-	-
2. Placing of securities	36	198
3. Third party products and services	-	-

2.3 Commissions payable: breakdown

Services/Values	Total 31/12/2007	Total 31/12/2006
a) guarantees received	-	-
b) credit derivatives	-	-
c) management, brokerage and consultancy services:	9.080	9.332
1. financial instruments trading	4.323	4.384
2. currency trading	6	6
3. assets management	-	-
3.1. own portfolio	-	-
3.2. third party portfolio	-	-
4. custody and administration of securities	1.234	1.347
5. placement of financial instruments	608	176
6. Offer off-site of securities, products and services	2.909	3.419
d) collection and payment services	43.388	41.839
e) other services	3.125	3.373
Total	55.593	54.544

SECTION 3 DIVIDENDS AND SIMILAR INCOME – ITEM 70

3.1 Dividends and similar income: breakdown

Items/revenues	Total 31/12/2007		Total 31/12/2006	
	Dividends	O.I.C.R. units revenues	Dividends	O.I.C.R. units revenues
A. Financial assets held for trading	3.069	19	1.795	-
B. Financial assets available-for-sale	1.538	-	3.119	-
C. Financial assets evaluated at fair value-other	-	-	-	-
D. Equity investments	25.579	X	10.044	X
Total	30.186	19	14.958	-

Detail dividends from equity investments:

Banca Sella S.p.A.	16.800
Cba Vita S.p.A.	2.952
Biella Leasing S.p.A.	1.614
Sella Gestioni SGR S.p.A.	1.048
Banca Patrimoni Sella & C. S.p.A. *	1.287
Sella South Holding S.p.A.	886
BC Finanziaria S.p.A.	403
Sella Capital Management SGR S.p.A.	317
Other	272
Total	25.579

*The amount regarding Banca Patrimoni Sella & C. includes the dividends for shareholdings received by Sella Consult SIM S.p.A. prior to the merger with Banca Patrimoni, worth 271,000 euro. For more details of the impact of this operation, see the chapter in the report of the board of directors entitled "Equity investments and dealings with Group companies – Other transactions", on page 54.

SECTION 4 RESULT OF TRADING ACTIVITY – ITEM 80

4.1 Net result of trading activity: breakdown

Operations/income components	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net result (A+B)-(C+D)
1. Financial trading activity	1.116	16.268	3.443	8.701	5.240
1.1 Debt securities	612	11.216	3.433	3.356	5.039
1.2 Capital securities	-	5.050	10	5.345	(305)
1.3 O.I.C.R. units	504	-	-	-	504
1.4 Loans	-	-	-	-	-
1.5 Other	-	2	-	-	2
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange rate differences	X	X	X	X	15.184
4. Derivative instruments	7.636	76.311	6.700	73.588	(10.523)
4.1 Financial derivatives:	7.636	76.311	6.700	73.588	(10.523)
- on debt securities and interest rates	7.028	15.221	6.193	18.522	(2.466)
- on capital securities and stock indexes	608	61.090	507	55.066	6.125
- on currency and gold	X	X	X	X	(14.182)
- Other	-	-	-	-	-
4.2 Derivatives on receivables	-	-	-	-	-
Total	8.752	92.579	10.143	82.289	9.901

SECTION 5 RESULT OF HEDGING ACTIVITY – ITEM 90

5.1 Result of hedging activity: breakdown

Income components/Values	Total 31/12/2007	Total 31/12/2006
A. Revenues relative to:		
A.1 Fair value hedging derivatives	130	7.765
A.2 Hedging financial assets (fair value)	7.954	-
A.3 Hedging financial liabilities (fair Values)	48	300
A.4 Cash flow hedging derivatives	-	-
A.5 Foreign currency assets and liabilities	-	-
Total income from hedging activity (A)	8.132	8.065
B. Charges relative to:		
B.1 Fair value hedging derivatives	7.980	205
B.2 Hedging financial assets (fair value)	-	7.740
B.3 Hedging financial liabilities (fair value)	195	261
B.4 Cash flow hedging derivatives	-	-
B.5 Foreign currency assets and liabilities	-	-
Total charges for hedging activity (B)	8.175	8.206
C. Net result of cover activity (A-B)	(43)	(141)

SECTION 6 PROFITS (LOSSES) FROM DISMISSAL/BUY-BACK - ITEM 100

6.1 Profits (Losses) from dismissal/buy-back: breakdown

items/income component	Total 31/12/2007			Total 31/12/2006		
	Profits	Losses	Net result	Profits	Losses	Net result
Financial assets						
1. Due from banks	-	-	-	-	-	-
2. Due from customers	-	-	-	-	-	-
3. Financial assets available-for-sale	55.933	-	55.933	46.920	8	46.912
3.1 Debt securities	-	-	-	-	-	-
3.2 Capital securities	55.933	-	55.933	46.920	8	46.912
3.3 O.I.C.R. units	-	-	-	-	-	-
3.4 Financing	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	55.933	-	55.933	46.920	8	46.912
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Outstanding securities	39	27	12	6	350	(344)
Total liabilities	39	27	12	6	350	(344)

Euro 55.9m profits from dismissal of financial assets available for sale involves the following operations:

- euro 52.9m from the exchange of Borsa Italiana shares and London Stock Exchange Group shares, described in greater detail in the report of the board of directors in the chapter entitled "Equity investments and dealings with Group companies"; in 2006, following dismissal of 479,000 Borsa Italiana shares, there were already profits of 36.8m euro;
- euro 1.1m from the dismissal of part of London Stock Exchange Group shares (1,251,646 shares, or 0.448% of the share capital) from the above exchange operation;
- euro 1.9m from dismissal of 17,000 MasterCard Inc. shares.

SECTION 8 NET WRITE-DOWNS/WRITE-UPS DUE TO DETERIORATION – ITEM 130

8.1 Net write-downs due to deterioration of loans: breakdown

Operations/income components	Write-downs (1)			Write-ups (2)				Total 31/12/2007	Total 31/12/2006
	Specific		Portfolio	Specific		Portfolio			
	Eliminations	Other		From interest	Other write-ups	From interest	Other write-ups		
A. Due from banks	-	-	-	-	-	-	-	-	
B. Due from customers	-	404	-	5	32	-	9	(358)	(105)
C. Total	-	404	-	5	32	-	9	(358)	(105)

8.2. Net write-downs due to deterioration of financial assets available for sale: breakdown

Operations/income components	Write-downs		Write-ups		Total 31/12/2007	Total 31/12/2006
	Specific		Specific			
	Eliminations	Other	From interest	Other write-ups		
A. Debt securities	-	-	-	-	-	-
B. Equities	-	603	-	-	(603)	-
C. OICR units	-	-	-	-	-	-
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	-	603	-	-	(603)	-

8.4 Net write-downs due to deterioration of other financial operations: breakdown

Revenues components/operations	Write-downs			Write-ups				Total 31/12/2007	Total 31/12/2006
	Specific		Portfolio	Specific		Portfolio			
	Eliminations	Other		From interest	Other write-ups	From interest	Other write-ups		
A. Guarantees issued	-	-	-	-	-	-	450	450	-
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to fund lending	-	-	-	-	-	-	-	-	-
D. Other transactions	-	271	-	-	-	-	-	(271)	-
Total	-	271	-	-	-	-	450	179	-

SECTION 9 ADMINISTRATIVE EXPENSES – ITEM 150

9.1 Staff expenses: breakdown

Type of expenses/Values	Total 31/12/2007	Total 31/12/2006
1) Employed personnel	57.726	52.345
a) Wages and salaries	42.563	37.792
b) Social security payments	12.680	11.801
c) Severance pay	2.592	35
d) Social security payments	-	-
e) Allocation for severance pay	(1.442)	1.027
f) Allocation to pension fund and similar:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) Payments into external complementary social security funds	1.090	1.450
- defined contribution	1.090	1.450
- defined benefit	-	-
h) Costs deriving from payment agreements based on patrimonial instruments	-	-
i) Other benefits in favour of employees	243	240
2) Other personnel	4.229	4.759
3) Directors	4.297	2.345
Total	66.252	59.449

The figure for the item "Allocation for severance pay" is negative at 1,680,000 euro, as it is affected by the actuarial evaluation of staff severance, as required by international accounting standards.

9.2 Average number of employees by category

	Total 31/12/2007	Total 31/12/2006
Employed personnel:	1.132	1.042
a) executives	20	19
b) total managers	200	186
- of which: 3rd and 4th level middle managers	87	73
c) remaining employed personnel	912	837
Other personnel	14	14
Total	1.146	1.056

9.5 Other administrative expenses: breakdown

	Total 31/12/2007	Total 31/12/2006
Legal and notary expenses	1.392	1.426
IT support and other consulting activities	6.095	4.654
Print -outs and stationery	538	349
Hiring of electronic machines and software applications	4.640	3.404
Various leasing and expenses for services rendered by third parties	19.099	16.799
Data transfer licence fees	1.003	1.260
Purchases of materials for data processing centre	43	44
Telegraph and postal expenses	2.221	1.413
Telephone	945	1.270
Transportation	443	390
Cleaning of offices	222	212
Watchman services and armed escort	474	454
Electric power and heating	1.638	1.506
Rents	1.172	1.065
Various insurance policies	257	449
Advertisement and campaigns	271	1.159
Entertainment expenses	278	-
Liberal donations	38	82
Membership fees	386	336
Subscriptions and books	85	55
Gifts to staff	270	244
Staff further education	843	796
Information and searches	200	144
Travel expenses	926	920
Expenses for inter-bank network service	265	240
Auditors' fees	115	196
Other	1.098	1.017
Maintenance and repair expenses	2.865	3.311
- owned real estate	131	56
- leased real estate	16	30
- movables	2.718	3.225
Indirect duties and taxes	1.339	1.533
- Stamp duty and taxes on stock exchange contracts	847	941
- Municipal tax on buildings	306	304
- Other indirect duties and taxes	186	288
Total	49.161	44.728

SECTION 10 NET PROVISIONS FOR RISKS AND CHARGES – ITEM 160

10.1 Net allocations of reserves for risks and charges: breakdown

	Total 31/12/2007	Total 31/12/2006
Reserves for revocation risks	18	(56)
Reserves for defendant lawsuits	(418)	(286)
Reserves for customer complaints	(143)	(399)
Reserves for operating risks	102	(38.343)
Reserves for unloyal staff	(11)	(354)
Reserves for staff	(216)	104
Reserves for supplementary indemnification of customers	(185)	(30)
Other reserves	(510)	-
Total	(1.363)	(39.364)

The reduction compared to the previous year, mainly related to reserves for operating risks, is due to the fact that further provisions were not required in 2007 for the commitment towards the Sella Bank Luxembourg. For more details of this commitment, see the chapter in the report of the board of directors entitled "Equity investments and dealings with Group companies" under the sub-item "Commitments".

SECTION 11 NET WRITE-DOWNS/WRITE-UPS FOR TANGIBLE FIXED ASSETS - ITEM 170

13.1 Net write-downs on tangible assets: breakdown

Assets/ Revenue elements	Amortization (a)	Write-downs for deterioration (b)	Write-ups (c)	Net income (a+b-c) 31/12/2007	Net income (a+b-c) 31/12/2006
A. Tangible assets					
A.1 Owned	7.250	1.189	-	8.439	6.117
- for functional use	7.199	780	-	7.979	6.066
- for investment	51	409	-	460	51
A.2 Acquired in financial leasing	-	-	-	-	-
- for functional use	-	-	-	-	-
- for investment	-	-	-	-	-
Total	7.250	1.189	-	8.439	6.117

SECTION 12 NET WRITE-DOWNS/WRITE-UPS FOR INTANGIBLE FIXED ASSETS - ITEM 170

12.1 Net write-downs on intangible assets: breakdown

Assets/ Revenue elements	Amortization (a)	Write-downs for deterioration (b)	Write-ups (c)	Net income (a+b-c) 31/12/2007	Net income (a+b-c) 31/12/2006
A. Intangible assets					
A.1 Owned	7.432	-	-	7.432	6.520
- Entirely generated by the company	-	-	-	-	-
- Other	7.432	-	-	7.432	6.520
A.2 Acquired in financial leasing	-	-	-	-	-
Total	7.432	-	-	7.432	6.520

SECTION 13 OTHER OPERATING CHARGES/INCOME – ITEM 190

13.1 Other operating charges: breakdown

	Total 31/12/2007	Total 31/12/2006
Amortization of expenses for improvements on third party assets	20	20
Other operating charges - Losses related to operating risks	1.553	1.577
Reimbursements of interest on collection and payment operations	901	595
Penalties due for contract non compliance - outsourcing instalments	612	626
Charges on derivative contracts	-	205
Other	899	649
Total	3.985	3.672

13.2 Other operating income: breakdown

	Total 31/12/2007	Total 31/12/2006
Receivable rents and instalments	2.251	2.302
Debited to third parties:	5.689	137
- taxes recoveries	184	137
- reimbursements from insurance company for damages	5.505	-
Expenses recoveries and other revenues on current accounts and deposits	1	285
Recoveries of interest on collection and payment operations	853	547
Revenues for administrative services and software services rendered to third parties	55.528	52.507
Reimbursement INPS contribution	160	233
Penalties due for contract non compliance - outsourcing instalments	55	-
Revenues on derivatives contracts	-	221
Recoveries of expenses for credit recovery services	616	920
Other income	2.454	2.228
Total	67.607	59.380

SECTION 14 PROFITS (LOSSES) FROM EQUITY INVESTMENTS - ITEM 210

14.1 Profits (losses) from equity investments: breakdown

Income component/Values	Total 31/12/2007	Total 31/12/2006
A. Income	292	-
1. Revaluations	-	-
2. Profits from sale	-	-
3. Write-ups	-	-
4. Other positive variations	292	-
B. Expenses	-	-
1. Writedowns	-	-
2. Value adjustments for deterioration	-	-
3. Losses from sale	-	-
4. Other negative variations	-	-
Net result	292	-

The income refers to capital gains following liquidation of "Sella Capital Markets SIM".

SECTION 17 PROFITS (LOSSES) FROM DISMISSAL OF INVEST- MENTS – ITEM 240

17.1 Profits (losses) from dismissal of investments: breakdown

Values/income components	Total 31/12/2007	Total 31/12/2006
A. Property	-	-
Profits from sale	-	-
Losses from sale	-	-
B. Other assets	16	(26)
Profits from sale	16	11
Losses from sale	-	(37)
Net result	16	(26)

SECTION 18 INCOME TAXES ON CURRENT OPERATIONS FOR THE YEAR – ITEM 260

20.1 Income taxes for the current operational year: breakdown

Values/income components	Total 31/12/2007	Total 31/12/2006
1. Current taxes (-)	(4.391)	(3.830)
2. Variation in current taxes relative to previous years (+/-)	(1.538)	(47)
3. Reduction of current taxes for the year (+)	7.155	8.040
4. Variation of advance taxes (+/-)	(1.570)	(6.158)
5. Variation of deferred taxes (+/-)	1.468	-
6. Taxes relative to the year (-) (-1+/-2+3+/-4+/-5)	1.124	(1.995)

The sub-item "Variation in current taxes relative to previous financial years" shows increases in current taxes for the year 2006, which correlatively determined an adjustment – increase or decrease - for prepaid and deferred taxes, with an impact on sub-items 4. "Variation of advance taxes" and 5. "Variation of deferred taxes" on this table.

The sub-item "Reduction of current current taxes" for the year consists of shows the benefit related to the company's income tax, setting off income statement, matured on "national consolidated financial statements" – in accordance with article 117 and the following, Consolidated Act on Income Tax, deriving from, in particular:

i) compensation for individual tax losses of Sella Holding Banca for the tax year 2007, with a positive net taxable 2007 income in the other companies adhering to national tax consolidation,

ii) attribution to Sella Holding Banca of the benefit referred to in article 122, paragraph 1, letter a), Tuir, related to "intragroup" dividends received in 2007 and distributed by other companies adhering to national tax consolidation,

iii) deduction of taxes paid abroad.

The sub-item "Variation of advance taxes" differs from the balance between the "increases" and the "decreases" of assets for prepaid taxes (setting off the income statement)", shown in the balance sheet assets, Section 13, table 13.3, owing to the sub-item 3.3 "other decreases" in that table, which shows reclassification of prepaid taxes previous counterbalanced in the income statement against prepaid taxes setting of shareholders' equity.

The sub-item "Variation of deferred taxes" differs from the balance between the "increases" and the "decreases" of liabilities for deferred taxes (setting off the income statement)", shown in the balance sheet assets, Section 13, table 13.4, owing to the sub-item 3.3 "other decreases" in that table, which shows reclassification of deferred taxes previous setting of the income statement against deferred taxes setting of shareholders' equity.

18.2 Reconciliation between theoretical fiscal charges and actual fiscal charges in the financial statements

Description	Taxable income	Rate	Income tax
Current operations profits gross of taxes	64.589	-	-
Nominal rates ⁽¹⁾	-	38,20%	24.673
Dividends exempt from taxation net of non deductibility of correlated minus	(29.437)	-17,41%	(11.245)
Net capital gains on capital securities exempt from taxation	(47.752)	-28,24%	(18.241)
Non-deductible costs	1.540	0,91%	588
Non taxable discounting back of reserves for risks and charges	(866)	-0,51%	(331)
Decreases and increases of tax rates	-	1,00%	644
Costs and revenues for the current financial year but deductible in the next periods			
- impact of rates reduction	7.182	0,61%	395
Other differences	-	-0,54%	(352)
Adjusted rate	-	-5,99%	(3.868)
Staff expenses non deductible from the IRAP taxable base	52.600	4,23%	2.735
Net ante-downs to on credits non deductible from the IRAP taxable base	178	0,01%	9
Actual rate	-	-1,74%	(1.124)

⁽¹⁾ IRES rate + IRAP rate weighted average based on the territorial spread of the taxable base.



PART D - SECTOR INFORMATIVE REPORT

As permitted by Memorandum 262 of 22 December 2005 of Banca d'Italia, the Company has drawn up a consolidated informative report.





**PART E - INFORMATION ON RISKS AND RELATED
HEDGING POLICIES**



SECTION 1 CREDIT RISK

INFORMATION OF A QUALITATIVE NATURE

1. General aspects

Policies regarding assumption of risks are set by the Credit Policies Business Area, which rely on the support of the Finance Area Control Committee and the ALM Committee to periodically monitor the level of risk assumed. The Strategic Planning, Budgetary Control, Risk Management and Control Departments ensure the recognition, measurement and control of the various risk categories (credit, market, operations) in their quantitative aspects, compared with past levels, with the capital for supervisory purposes and with any outside benchmarks.

2. Credit risk management policies

In accordance with the definition used in the literature and at the system level, "credit risk" is defined as the possibility that an unexpected credit variation of a counterparty may cause a corresponding variation in market value of its exposure in relation to Gruppo Banca Sella.

This definition shows how the concept that is relevant for the purposes of correctly defining the credit risk is the so-called "unexpected loss", i.e. the fact that losses arising from a given exposure (or credit portfolio) may be subsequently shown to be greater than the expected losses (so-called "expected loss"). More strictly speaking, the unexpected loss is nothing other than the variability of the loss around its average value. The expected loss, i.e. the loss that could be expected beforehand that is expected to be borne on the basis of previous historical experience is still managed by Gruppo Banca Sella through judicious provisions on the basis of the performing loans.

Providing and managing credits in their different forms are still the mainstay of the Group's operations and profitability and therefore the main lever for its development and the highest risk absorption area. Gruppo Banca Sella therefore devotes great attention to this area, through careful and effective monitoring of risk fractioning limits set for each single company and adopting stricter lending policies to avoid unexpected risks.

In 2008 Gruppo Banca Sella will pursue credit policies based on precise guidelines aimed at:

- continuing to gain a greater share of the credit market for the banks of the Gruppo;
- increasing leasing and consumer credit;
- propagating more advanced and monitored portfolio management policies aimed at improving the risk-performance ratio by concentrating in particular on diversification and fractioning;
- organisational innovation and development;
- adopting advanced credit risk management models;
- investing in training and skills to increase internal risk management and control culture;
- investing in credit quality control systems to innovate credit portfolio management methods;
- adopting a rigorous pricing policy to ensure that the correct price is applied for the risk.

2.1 Organizational Aspects

Processes and procedures have been structured so as to ensure the necessary separateness separation among operative functions, reception and control and to avoid the onset of conflicts of interest. The organizational structure has been designed by clearly describing roles and responsibilities.

Sella Holding Banca, as Parent Company and not performing any "traditional" credit allocation activity through a network of branches, is exposed to credit risks essentially with regard to the three main areas of activities performed and here below described:

- maximum operating amounts for markets transactions: with regard to their calculation, the requests of new maximum amounts and/or their modification are subject to the qualified decision-making bodies by previously analyzing the credit worthiness of the counterparties examined. The overall risk quantification referred to each counterparty, takes place by taking into account the different risk profiles, linked to the individual financial tools through which the exposure towards the group of counterparties receiving credit lines is generated..
- Sella Holding Banca plays an important role within GBS in terms of funding the group own companies - essentially Biella Leasing and Consel - taking care of the allocation of adequate credit lines with regard to

the development of investments made by the wholly-owned subsidiaries ;

Finally may we mention the credit allocation process of granting credit cards to individuals who are not account holders of the bank; this envisages an attentive analysis of the solvency rate of the applicants aimed at assessing the reimbursement ability of the same.

2.2 Systems of management, measurement and control

Sella Holding Banca S.p.A. attaches a great deal of importance to the measurement and management of credit risk, activities that it considers to be of strategic importance and delegates to the parent company's Credit Risk Management and Credit Quality Control units. The task of the former unit is to monitor and quantify the credit risk assumed by group companies, evaluate sustainability and, using shared instruments, promote effective and proactive risk management. The latter carries out more traditional monitoring that mainly analyses the individual positions at risk.

More specifically, it is the task of the Credit Risk Management Unit to develop credit risk measuring methods and to support the creation of specific models to assess the risk components of individual credit portfolios within the group. The Credit Risk Management also conducts supervision by issuing regular reports at all levels and providing common guidelines. The periodical analyses concern the distribution of customers per rating class, progress of the risk profiles of the entire credit portfolio or certain sub-portfolios involving specific risk conditions.

For the evaluation of insolvency risk, the Group has various analysis instruments based on customer segmentation, in line with Basel II parameters. Each company is given a summary risk assessment based on an internal rating model. The rating assignment process generally relates to customers companies. Entities are in fact evaluated that operate in the industrial, commercial, services and long-term producing field as well as agricultural business, cooperatives, non-profit making companies and finance companies.

The internal rating used by the Italian banks of Gruppo Banca Sella is integrated into the company information systems and consists of the following components:

- **Financial Statement Rating:** this indicates the insolvency risk arising from an analysis of the customer's financial statements. The rating of the financial statements can be calculated for every customer or potential customer. An indispensable basis for calculating the rating of financial statements is having a copy of the financial statements comprising the balance sheet, and income statement. For companies using simplified accounting a function has been devised whereby a continuous numeric score is assigned that indicates the customer's credit rating that is known as the income statement score. Although no specific system has been devised for collating the income statement score into discrete risk classes (so-called clusterisation), the income statement score, is, through a suitable function, integrated with the quality judgement and thus contributes to the calculation of the business rating (see next point) even for companies using simplified accounting. The financial statements score is also the highest level of detail that is obtainable for the following categories of customer: financial companies, leasing companies, factoring companies, holdings and real-estate companies.
- **Company Rating:** this combination of the financial statements A rating and a qualitative component provided by a questionnaire drawn up by the writer of the report. As in the financial statements rating, the company rating is calculated for each assigned or potential assigned customer. In the case of a new customer of the Banca Sella Group, it is the most thorough creditworthiness assesment possible and is the equivalent of an "acceptance rating" as it is based on quantitative and qualitative data that are independent of variable trends. Like the financial statements rating, the company rating is calculated for each customer or potential customer. This is a wise limitation that arises from the need to limit the volatility of the company rating, so it cannot differ by more than one class from the financial statement rating.
- **Comprehensive rating:** integration between company rating and behavioural component (Central Credit Register data and internal information). It represents the most in depth evaluation possible on the creditworthiness of a Sella Holding Banca S.p.A cu-

customer. Unlike the financial statement and company rating, it can be calculated only on companies which have become customers for at least three months.

The internal rating of Gruppo Banca Sella takes the form of a concise alphabetic rating. The above components provide a range of nine ratings for performing loans: from AAA (least risky customers) to C (most risky customers). There is no rating if one of the essential elements for determining the rating is missing, such as a valid definitive financial statement and a valid qualitative questionnaire.

The new supervisory regulations, known as Basel 2, were immediately viewed by Gruppo Banca Sella as an opportunity to fine-tune measuring techniques of credit risk and guarantee protection through the use of techniques with an increasing level of sophistication. Despite determining its own capital requisites for credit risk, in accordance with Pillar 1 using the standardised method, the Group is heavily committed to taking all due organisational and methodological action to demonstrate how its own internal rating system is in line with the requirements of supervisory regulations (known as the experience test, preliminary to applying for authorisation to use the method based on the internal ratings to Banca d'Italia).

The Group is also aware of the importance of all credit risk-related factors that are not measured by the instruments provided by Pillar 1 of Basel II, such as concentration risk. The parent company continues to comply strictly with major risk supervision requirements and has drawn up precise guidelines to offset concentration risk by breaking up the concentrations at individual, sector and geographical level. Exposure to concentration risk is measured monthly according to objective indicators, such as the Herfindahl index, and precise thresholds have been established to contain overall exposure in each industrial sector/geographical area and size category.

The Group Credit Quality Service has the task of intervening to prevent any situation that might lead to insolvency risks. For this purpose the unit constantly monitors the trend and extent of use of credit lines granted to customers.

To support this monitoring activity, during 2007, the Early Warning "Credit Alarms" system was completed and work on the "Automatic Classification of Credit Risk"

procedure was started, with the purpose of dividing customers into four risk categories (in increasing order).

Again, during the year, two new more tools were created:

- Cruscotto Pratiche Anomale (Anomaly Dashboard), aimed at highlighting individual anomalies with customers, whether they have been granted a loan or not, but who hold a current account.
- Devianza Percentuale Ponderata (weighted percentage deviance), aimed at highlighting the credit quality of individual branches/areas/territories, based on management anomalies divided by class.

Compared to the previous period, there were no changes regarding risk exposure, objectives, policies, processes and methods for managing and measuring risk.

2.3 Techniques for mitigating credit risk

As Sella Holding Banca S.p.A. attaches great importance to supplying credit, loans are granted only after very detailed vetting of the potential borrowers. The assessment of creditworthiness is first based on the debtor's ability to honour his commitments, which is assessed exclusively by his ability to generate appropriate cash flows.

The credit lending and borrowing process, especially with reference to customers who are more likely to become insolvent, does not underestimate the forms of credit risk protection provided by the type of technical form and the presence of guarantees. The guarantees that are typically acquired by counterparties are those that are typical of banking activities: mainly personal guarantees and collateral in the form of real estate and financial instruments.

The Bank is fully aware of the fact that the techniques for mitigating credit risk are only effective if acquired and maintained in full observance of the requirements of Basel II regulations: legal, organisational and specific or all guarantees.

2.4 Impaired Financial Assets

The structure that manages the recovery of non-performing loans and disputes at Sella Holding Banca works for some companies of the Group that outsource tasks to it.

The Service consists of a central office divided into two sectors.

- The Impaired Loans service was set up in 2006 and monitors the performance of the single customers and focuses on the prevention of insolvency risks in exposed customers such as unpaid mortgage instalments up to a maximum of €30,000 with no other credit lines granted, or unpaid instalments from positions allocated to "Paa3" for which the written agreements have not been complied with.

The monitoring substantially consists of managing three areas of loan difficulty:

- preventing the insolvency risk, which manifests itself through irregularities in the trend that are consequences of loan risk that are due to failure to meet scheduled repayments;
- identification and centralised management of anomalies in order to remove the anomalies through sending minders directly to customers;
- checking resolution of the anomaly or otherwise transferring contracts of revoked loans.
- The following companies outsource to the Disputes Service: Banca Sella Spa, Banca Sella Nord Est Bovio Calderari Spa, Banca Arditi Galati Spa, Banca Patrimoni Sella & C Spa, Banca di Palermo Spa, Biella Leasing spa.

The Disputes Service is amongst other things responsible for:

- calling in loans to borrowers in default;
- providing assistance and advice to complete restructuring agreements in support of customers;
- sending reminders to recover loans in default and acquiring further guarantees to support exposure;
- promptly calculating expected losses in an analytical manner at the level of the individual customer loan;
- periodically checking the adequacy of the recovery plans and the recoverability of the loan;
- optimising the costs/results of the legal measures taken to recover the loan;
- providing technical and operational advice inside the Group on recovering anomalous loans, acquiring guarantees and managing late instalments;
- making losses definitive that are recorded at the end of court and out-of-court procedures.

The independence in evaluating loan recovery and proposed compromises with the customer are almost completely assigned to single bodies through the powers bestowed on the single CEOs of the various companies managed through outsourcing. This enables extremely rapid responses to be made to compromise proposals.

The analytical valuation of loans is applied to the following classes of impaired loans:

- non-performing loans
- revoked watchlist loans
- restructured loans

IAS 39 prescribes that impaired loans be valued analytically, and the amount of the adjustment of each loan is the same as the difference between the current value of the expected future flows, calculated by applying the original actual interest rate, and the value of the financial statements at the time of the valuation.

The forecast of the recoverability of the loan takes account of:

- the maximum recoverable amount as the sum of the expected cash flows estimated on the basis of the type of current and/or acquirable guarantees, their presumed recovery value, estimated costs and the debtor's intention to pay;
- recovery times estimated on the basis of the type of current loans, judicial and extrajudicial liquidation of guarantees, bankruptcy procedures, geographical area;
- discount rates: for all the loans valued at the depreciated cost the actual rate of the original yield is used, whilst for revoked loans the rate at the moment of default is considered.

The Disputes Service carries out an analytical valuation of the recoverability of the individual loans independently of the size of the loan and without resorting to models for estimating expected cash flows, devising loan repayment schemes that are tailored to the individual loans and takes into account any agreements with customers.

Net value adjustments comprise a control procedure combined with a dynamic review of the various positions that enables recovery forecasts to be adjusted constantly.

INFORMATION OF A QUANTITATIVE NATURE

A. CREDIT QUALITY

A.1 Impaired and performing exposures: amounts, write-downs, dynamics, economic and territorial distribution.

A.1.1. Breakdown of financial assets according to portfolios and credit quality (book values)

Portfolios/quality	Non-performing loans	Problem loans	Restructured exposures	Expired exposures	Country risk	Other assets	Total
1. Financial assets held for trading	-	-	-	-	2.549	410.316	412.865
2. Financial assets available-for-sale	-	-	-	-	-	40.299	40.299
3. Financial assets held-to-maturity	-	-	-	-	-	70.440	70.440
4. Due from banks	-	-	-	-	2.456	2.736.446	2.738.902
5. Due from customers	63	7	-	-	-	1.518.532	1.518.602
6. Financial assets designated at fair value	-	-	-	-	-	-	-
7. Discontinued operations	-	-	-	-	-	-	-
8. Hedge derivatives	-	-	-	-	-	2.156	2.156
Total 31/12/2007	63	7	-	-	5.005	4.778.189	4.783.264
Total 31/12/2006	56	9	-	-	557	4.234.296	4.234.918

A.1.1. Breakdown of financial assets according to portfolios and credit quality (gross and net values)

Portfolios/quality	Deteriorated assets				Other assets				Total (net. exposure)
	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	
1. Financial assets held for trading	-	-	-	-	412.865	-	-	412.865	412.865
2. Financial assets available-for-sale	-	-	-	-	40.299	-	-	40.299	40.299
3. Financial assets held-to-maturity	-	-	-	-	70.440	-	-	70.440	70.440
4. Due from banks	-	-	-	-	2.738.902	-	-	2.738.902	2.738.902
5. Due from customers	3.114	3.044	-	70	1.518.783	-	251	1.518.532	1.518.602
6. Financial assets designated at fair value	-	-	-	-	-	-	-	-	-
7. Discontinued operations	-	-	-	-	-	-	-	-	-
8. Hedge derivatives	-	-	-	-	2.156	-	-	2.156	2.156
Total 31/12/2007	3.114	3.044	-	70	4.783.445	-	251	4.783.194	4.783.264
Total 31/12/2006	2.795	2.730	-	65	4.235.113	-	260	4.234.853	4.234.918

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

Types of exposures/values	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
CASH EXPOSURES				
a) Non-performing loans	-	-	-	-
b) Problem loans	-	-	-	-
c) Restructured exposures	-	-	-	-
d) Expired exposures	-	-	-	-
e) Country risk	2.478	X	-	2.478
f) Other assets	2.880.213	X	-	2.880.213
Total A	2.882.691	-	-	2.882.691
OFF-BALANCE-SHEET EXPOSURE				
a) Impaired	-	-	-	-
b) Other	571.956	X	125	571.831
Total B	571.956	-	125	571.831

A.1.4 Cash exposures to banks: trend of impaired and “country risk” exposures gross

Description/Categories	Non-performing loans	Problem loans	Restructured exposures	Expired exposures	Country risk
A. Opening gross exposure	-	-	-	-	170
- of which: exposures transferred but not eliminated	-	-	-	-	-
B. Increases	-	-	-	-	2.418
B.1 Inflows from performing exposures	-	-	-	-	-
B.2 Transfers from other categories of impaired exposures	-	-	-	-	-
B.3 Other increases	-	-	-	-	2.418
C. Decreases	-	-	-	-	110
C.1 Outflows to performing exposures	-	-	-	-	69
C.2 Write-offs	-	-	-	-	-
C.3 Collections	-	-	-	-	-
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of impaired exposures	-	-	-	-	-
C.6 Other decreases	-	-	-	-	41
D. Closing gross exposure	-	-	-	-	2.478
- of which: exposures transferred but not eliminated	-	-	-	-	-

A.1.6 Cash and off-balance-sheet exposures to customers: gross and net values

Types of exposures/values	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure
A. CASH EXPOSURE				
a) Non-performing loans	2.567	2.504	-	63
b) Problem loans	547	540	-	7
c) Restructured exposures	-	-	-	-
d) Expired exposures	-	-	-	-
e) Country risk	2.527	X	-	2.527
f) Other assets	1.850.303	X	854	1.849.449
Total A	1.855.944	3.044	854	1.852.046
B. OFF-BALANCE-SHEET EXPOSURES				
a) Impaired	-	-	-	-
b) Other	252.579	X	-	252.579
Total B	252.579	-	-	252.579

A.1.7 Cash exposures to customers: trend of impaired exposures subject to “country risk” gross

Description/Categories	Non-performing loans	Problem loans	Restructured exposures	Expired exposures	Country risk
A. Opening gross exposure	2.272	523	-	-	387
- of which: exposures transferred but not eliminated	-	-	-	-	-
B. Increases	326	333	-	-	2.140
B.1 Inflows from performing exposures	-	278	-	-	2.127
B.2 Transfers from other categories of impaired exposures	296	-	-	-	-
B.3 Other increases	30	55	-	-	13
C. Decreases	31	309	-	-	-
C.1 Outflows to performing exposures	-	4	-	-	-
C.2 Write-offs	6	-	-	-	-
C.3 Collections	25	8	-	-	-
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of impaired exposures	-	297	-	-	-
C.6 Other decreases	-	-	-	-	-
D. Closing gross exposure	2.567	547	-	-	2.527
- of which: exposures transferred but not eliminated	-	-	-	-	-

A.1.8 Cash exposures to customers: trend in gross adjustments

Description/Categories	Non-performing loans	Problem loans	Restructured exposures	Expired exposures	Country risk
A. Gross opening adjustments	2.216	514	-	-	-
- of which exposures sold but not eliminated	-	-	-	-	-
B. Increases	323	186	-	-	-
B.1 Writedowns	170	186	-	-	-
B.2 Transfers from other categories of impaired exposures	153	-	-	-	-
B.3 Other increases	-	-	-	-	-
C. Decreases	35	160	-	-	-
C.1 Write-ups from valuation	4	3	-	-	-
C.2 Write-ups from collection	25	4	-	-	-
C.3 Write-offs	6	-	-	-	-
C.4 Transfers to other categories of impaired exposures	-	153	-	-	-
C.5 Other decreases	-	-	-	-	-
D. Total closing adjustments	2.504	540	-	-	-
- of which: exposures transferred but not eliminated	-	-	-	-	-

A.2 CLASSIFICATION OF EXPOSURES ON THE BASIS OF EXTERNAL AND INTERNAL RATINGS

A.2.1 Distribution of cash and “off-balance” exposures by external ratings

The table below shows the distribution of exposure per external rating class of customers of Sella Holding Banca S.p.A. With regards to loans to banks, all counterparties with which the Bank has relations have a rating higher than the investment grade.

A.2.1 Breakdown of cash and off-balance sheet exposures by external rating classes (book values)

Exposures	External rating classes						No rating	Total
	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	Inf. to B-		
A. Cash exposures	666.444	175.365	24.015	-	-	-	3.868.913	4.734.737
B. Derivatives	15.057	4.347	1.115	-	-	-	28.008	48.527
B.1 Financial derivatives	15.057	4.347	1.115	-	-	-	28.008	48.527
B.2 Credit derivatives	-	-	-	-	-	-	-	-
C. Guarantees given	-	-	-	-	-	-	34.951	34.951
D. Commitments to lend funds	-	-	-	-	-	-	533.851	533.851
Total	681.501	179.712	25.130	-	-	-	4.465.723	5.352.066

A.2.2 Distribution of cash and “off-balance” exposures by internal ratings

Application of the internal rating system on customers of Sella Holding Banca S.p.A. did not reach significant levels of coverage with respect to the overall dimensions of the portfolio.

A.3 DISTRIBUTION OF GUARANTEED EXPOSURES BY TYPE OF GUARANTEE

Owing to the specificity of the activities performed by the Bank in the field of granting credit, whereby its clients are only companies of the Group and private customers to whom credit cards are issued and its counterparties are banks and financial institutions, there are no guaranteed exposures, so the section has not been valued.

DISTRIBUTION AND CONCENTRATION OF CREDIT

B.1 Breakdown by industry of cash and off-balance sheet exposures to customers

Exposures/Counterparties	Governments and central banks				Other public entities				Financial companies			
	Gross exposure	Specific value adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio adjustments	Net exposure
A. Cash exposures												
A.1 Non-performing loans	-	-	-	-	-	-	-	-	31	31	-	-
A.2 Problem loans	-	-	-	-	-	-	-	-	8	8	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-	-	-
A.4 Expired exposures	-	-	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	228.614	X	-	228.614	1.710	X	-	1.710	1.540.801	X	521	1.540.280
Total A	228.614	-	-	228.614	1.710	-	-	1.710	1.540.840	39	521	1.540.280
B. Off-balance-sheet exposures												
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Problem loans	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	-	X	-	-	-	X	-	-	252.563	X	-	252.563
Total B	-	-	-	-	-	-	-	-	252.563	-	-	252.563
Total 31/12/2007	228.614	-	-	228.614	1.710	-	-	1.710	1.793.403	39	521	1.792.843
Total 31/12/2006	231.481	-	-	231.481	10.536	-	-	10.536	1.335.853	39	-	1.335.814

Continued from previous table

Esposizioni/Controparti	Insurance companies				Non-financial companies				Other entities			
	Gross exposure	Specific value adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio adjustments	Net exposure
A. Cash exposures												
A.1 Non-performing loans	-	-	-	-	1.283	1.223	-	60	1.253	1.250	-	3
A.2 Problem loans	-	-	-	-	183	183	-	-	356	349	-	7
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-	-	-
A.4 Expired exposures	-	-	-	-	-	-	-	-	-	-	-	-
A.5 Other exposures	16	X	-	16	12.700	X	77	12.623	68.990	X	256	68.734
Total A	16	-	-	16	14.166	1.406	77	12.683	70.599	1.599	256	68.744
B. Off-balance-sheet exposures												
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Problem loans	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	-	X	-	-	-	X	-	-	16	X	-	16
Total B	-	-	-	-	-	-	-	-	16	-	-	16
Total 31/12/2007	16	-	-	16	14.166	1.406	77	12.683	70.615	1.599	256	68.760
Total 31/12/2006	591	-	-	591	23.339	1.326	81	21.932	165.700	1.365	179	164.156

B.2 Breakdown of loans to resident non-financial companies

a) Commerce, salvage and repair services	2.382
b) Other market services	2.169
c) Transport-related services	662
d) Agricultural and industrial machinery	471
e) Hotel industry and catering trade	457
f) Other branches	2.879
Total	9.021

B.3 Breakdown of cash and off-balance-sheet exposures to customers by geographical area

Exposures/Geographical area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash exposures										
A.1 Non-performing loans	2.567	63	-	-	-	-	-	-	-	-
A.2 Problem loans	547	7	-	-	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4 Expired exposures	-	-	-	-	-	-	-	-	-	-
A.5 Other operations	1.714.852	1.714.000	132.707	132.706	5.141	5.140	13	13	118	118
Total A	1.717.966	1.714.070	132.707	132.706	5.141	5.140	13	13	118	118
B. Off-balance-sheet exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Problem loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	226.934	226.934	25.629	25.629	16	16	-	-	-	-
Total B	226.934	226.934	25.629	25.629	16	16	-	-	-	-
Total (A+B) 31/12/2007	1.944.900	1.941.004	158.336	158.335	5.157	5.156	13	13	118	118
Total (A+B) 31/12/2006	1.662.907	1.659.917	137.306	137.306	23.494	23.494	32	32	91	91

B.4 Breakdown of cash and off-balance-sheet exposures to banks by geographical area

Exposures/Geographical area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure	Gross exposure	Net exposure
A. Cash exposures										
A.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
A.2 Problem loans	-	-	-	-	-	-	-	-	-	-
A.3 Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4 Expired exposures	-	-	-	-	-	-	-	-	-	-
A.5 Other operations	2.651.414	2.651.414	208.165	208.165	19.425	19.425	2.472	2.472	1.215	1.215
Total A	2.651.414	2.651.414	208.165	208.165	19.425	19.425	2.472	2.472	1.215	1.215
B. Off-balance-sheet exposures										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Problem loans	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Other exposures	127.623	127.623	442.298	442.173	2.035	2.035	-	-	-	-
Total B	127.623	127.623	442.298	442.173	2.035	2.035	-	-	-	-
Total (A+B) 31/12/2007	2.779.037	2.779.037	650.463	650.338	21.460	21.460	2.472	2.472	1.215	1.215
Total (A+B) 31/12/2006	2.418.444	2.418.444	545.811	545.811	35.425	35.425	4.603	4.603	1.883	1.883

C.2 TRANSFER OPERATIONS

C.2.1 Financial assets transferred but not eliminated

Technical forms/ Portfolio	Financial assets held for trading			Financial assets designated at fair value			Financial assets available-for-sale			Financial assets held-to-maturity		
	A	B	C	A	B	C	A	B	C	A	B	C
A. Cash assets	4.250	-	-	-	-	-	-	-	-	34.971	-	-
1. Debt securities	4.250	-	-	-	-	-	-	-	-	34.971	-	-
2. Equities	-	-	-	-	-	-	-	-	-	X	X	X
3. Units in O.I.C.R.	-	-	-	-	-	-	-	-	-	X	X	X
4. Financing	-	-	-	-	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivative instruments	-	-	-	X	X	X	X	X	X	X	X	X
Total 31/12/2007	4.250	-	-	-	-	-	-	-	-	34.971	-	-
Total 31/12/2006	99	-	-	-	-	-	-	-	-	-	-	-

(continued)

Technical forms/Portfolio	Due from banks			Due from customers			Total	
	A	B	C	A	B	C	31/12/2007	31/12/2006
A. Cash assets	-	-	-	-	-	-	39.221	99
1. Debt securities	-	-	-	-	-	-	39.221	99
2. Equities	X	X	X	X	X	X	-	-
3. Units in O.I.C.R.	X	X	X	X	X	X	-	-
4. Financing	-	-	-	-	-	-	-	-
5. Impaired assets	-	-	-	-	-	-	-	-
B. Derivative instruments	X	X	X	X	X	X	-	-
Total 31/12/2007	-	-	-	-	-	-	39.221	X
Total 31/12/2006	-	-	-	-	-	-	X	99

KEY:

A = Transferred financial assets, fully recognised (book value)

B = Transferred financial assets, partially recognised (book value)

C = Transferred financial assets, partially recognised (entire value)

C.2.2. Financial liabilities from assets sold but not eliminated

Liabilities/Assets portfolio	Financial assets held for trading	Financial assets designated at fair value	Financial assets available for-sale	Financial assets held-to-maturity	Due from banks	Due from customers	Total
1. Due to customers							
a) from fully recognised assets	-	-	-	-	-	-	-
b) from partially recognised assets	-	-	-	-	-	-	-
2. Due to banks							
a) from fully recognised assets	4.162	-	-	34.796	-	-	38.958
b) from partially recognised assets	-	-	-	-	-	-	-
Total 31/12/2007	4.162	-	-	34.796	-	-	38.958
Total 31/12/2006	110	-	-	-	-	-	110

SECTION 2 MARKET RISK

Market risk refers to unexpected variations in market factors such as interest rates, exchange rates and securities listings which may determine a rise or fall in the value of a position held in the trading portfolio (trading book) and in investments from commercial operations and strategic choices (banking book).

The management and control of market risks (interest rate risk, pricing risk, exchange rate risk, counterparty risk, concentration risk and liquidity risk) is governed by group regulations which fix the rules within which individual group companies may be exposed to these risks. This is based on criteria of maximum prudence regarding the quality and concentration of issuers in which to invest.

The Gruppo Banca Sella entity that assumes market risks is the parent company Sella Holding Banca, where financial market activities (own account trading and Group treasury) are centrally performed.

The parent company's Risk Management is responsible for the monitoring methods of the Group's risks,

as well as providing advisory services regarding the definition of methodological guidelines for creation of measuring and control methods for group risks. It measures market risk by controlling the parent company's positions and overall positions of individual group entities, in order to guarantee monitoring of overall exposure and promote mitigation if it is to high.

Sella Holding Banca measures market risk using the Value-at-Risk model (VaR), calculated mainly on a historical basis. VaR measures the maximum potential loss which may occur, with a certain interval of confidence, if a portfolio is held in unaltered positions for a certain period of time.

For this purpose, so-called historical VaR is used with a 99% confidence interval and with a reference period of 3 months for the portfolios owned by the Bank, whilst for own account trading, which has a very short temporal horizon, one-day VaR (for intraday positions) and one-week VaR (for positions that are not closed within the same day) are used.

VaR Decomposition - Sella Holding Banca as at 31/12/2007

Finance Area - Own Account Trading

Orizzonte Temporale 1 settimana, intervallo di confidenza 99%

Dati al	31-dic-07			31-dic-06		
	VaR Medio	VaR Minimo	VaR Massimo	VaR Medio	VaR Minimo	VaR Massimo
Tipologia di Rischio						
Fixed Income	€ 64.133	4.201	439.042	105.400	9.937	656.124
Foreign Exchange	€ 21.625	136	98.904	21.095	382	284.331
Equities	€ 104.340	912	412.125	46.899	2.336	117.044
Equity Derivatives	€ 112.448	4.211	350.367	80.379	7.082	363.799
Derivatives OTC	€ 790	403	1.525	1.409	512	3.978
Treasury	€ 31.300	1.412	138.034	33.825	1.289	278.714
Total VaR^(b)	€ 334.637	11.275	1.439.997	289.007	21.539	1.703.991

(b) Il Value-at-Risk totale è calcolato come la somma dei singoli VaR per tipologia di rischio

The historical simulation involves a daily revaluation of positions based on market price trends over a suitable time interval. The consequent empirical distribution of profits/losses is analysed to determine the effect of extreme market movements on the portfolios. The value of the distribution at the percentile corresponding to the established confidence interval, represents the measurement of VaR.

The software used to calculate VaR permits the calculation of the VaR of the individual instrument and the calculation of the VaR of the portfolio (which is obviously a function of the individual VaR values and the correlations between the various instruments). Own account trading also has very stringent stop loss parameters.

It is important to remember that the purpose of

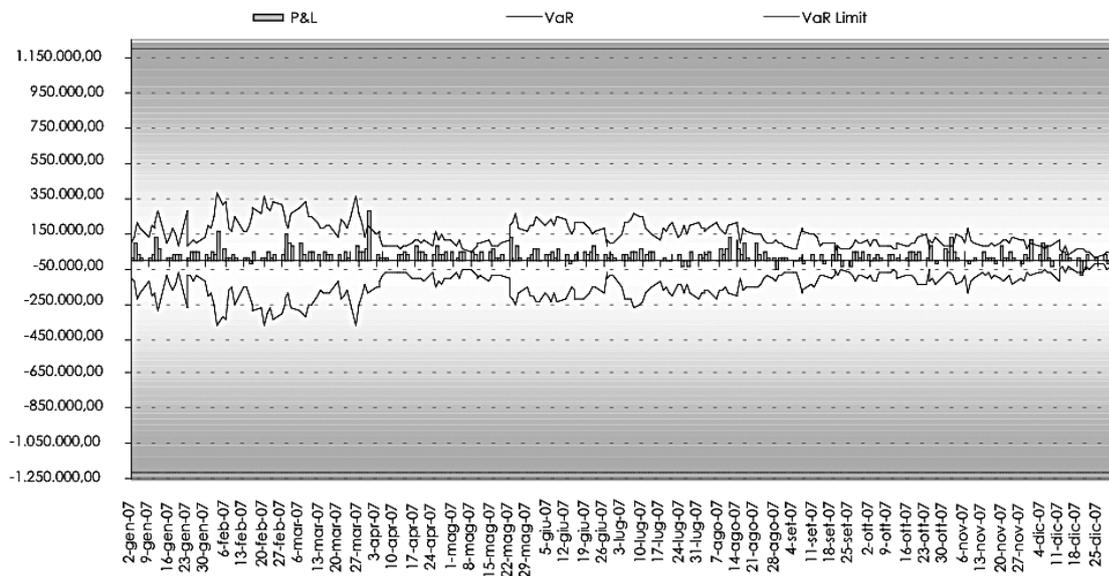
Value-at-Risk is to forecast the possible interval within which future performances will fall. Consequently, there must be a stable relationship between VaR and performance. Backtesting is a method used to check this assumption.

The results achieved from positions included in the trading portfolio are backtested.

Generally, to test the reliability of the VaR approach (i.e. the accuracy of the mathematical model used to calculate it) it is necessary to compare probabilistic estimates with performance deriving from the positions held in the portfolio for a certain interval of time (holding period).

Sella Holding Banca - Own Account Trading

Market risk VaR vs P&L (daily)



The graph shows the trend of the Value-at-Risk generated by own account trading of the parent company Sella Holding Banca. The Value-at-Risk oscillation seen

during the year is sufficiently wide to contain the performances of the activities under control, forecasting almost all results.

2.1 INTEREST RATE RISKS – TRADING PORTFOLIO

INFORMATION OF A QUALITATIVE NATURE

A. General aspects

In this section we look at the risk that an interest rate swing can have a negative effect on the value of the supervisory trading portfolio deriving from the financial positions taken by the Group within the limits and autonomy assigned.

The Group trading portfolio, which is mainly concentrated in Sella Holding Banca, includes own account trading activities in financial instruments exchanged on regulated markets and over the counter (mainly fixed and variable income and share-based securities). In this context, the interest rate risk is managed through derivatives traded on regulated markets.

B. Processes for managing and methods for measuring interest rate risk

Within the Group's organisational context the ALM Committee has a proponent function in the definition of the Group's policies for exposure to interest risk, in addition to its role as company body responsible for monitoring risk limits. The Committee also makes proposals of corrective actions to rebalance Group's risk positions.

Risk Management, Strategic Planning and Management Control and Business Finance all play an active role in controlling interest rate risks.

The activity of the Finance department of the parent company Sella Holding Banca, where treasury and trading on own account activities are centrally performed, has the tasks of allocating surplus financial resources and managing funding outside. Sella Holding Banca is also the counterparty of other banks and companies for covering exposures to market risk.

Compared to the previous period, there were no changes regarding risk exposure, objectives, policies, processes and methods for managing and measuring risk.

2.2 INTEREST RATE RISKS – BANKING PORTFOLIO

INFORMATION OF A QUALITATIVE NATURE

A. General aspects, processes for managing and methods for measuring interest rate risk

The interest rate risk derives from asymmetries in maturities, in times of redefinition of the interest rate, (as well as the types of indexing) of the assets and liabilities of each entity. The rate risk is monitored through valuation of the impact of unexpected changes in interest rates on period result and the value of shareholders' equity.

The calculation model used for monitoring the banking book is made in line with regulatory provisions and is applied individually to each Italian bank of the Group. Control is made taking into account the sum total of positions on and off the balance sheet, limited to interest-bearing assets and expense-bearing liabilities. Monitoring is performed by monthly measurements and provides the change in the period net interest income and the impact on capital for supervisory purposes, in the event of a shift in interest rates of 1%.

The rate risk levels of the banking book are submitted to the Group ALM Committee, which decides whether to fine-tune measures to redefine the risk position.

The Group's policy is that of a high level of coverage of fixed rate exposures (in this regard, for liabilities the bond issues are mainly variable-rate and for assets the issues of mortgages or other types of fixed-rate financing are periodically covered by IRS amortizing that transform them into variable-rate exposures).

Data at 31 December 2007 from the sensitivity analysis show a contained risk as absolute value in the banking book of the Bank. Sensitivity is represented in

the table below as the total impact of a parallel shift of rates by one percentage point.

SHIFT	Sensitivity Total (in thousands of euro)
+100 bps	(6.567)
-100 bps	6.585

The banking book aggregate also includes the items of the trading portfolio that are sensitive to rate variations.

2.3 PRICE RISK-SUPERVISORY TRADING PORTFOLIO

INFORMATION OF A QUALITATIVE NATURE

A. General aspects

The price risk of the trading portfolio, basically concentrated in Sella Holding Banca, mainly derives from the own account trading activities of capital and debt securities and OICR.

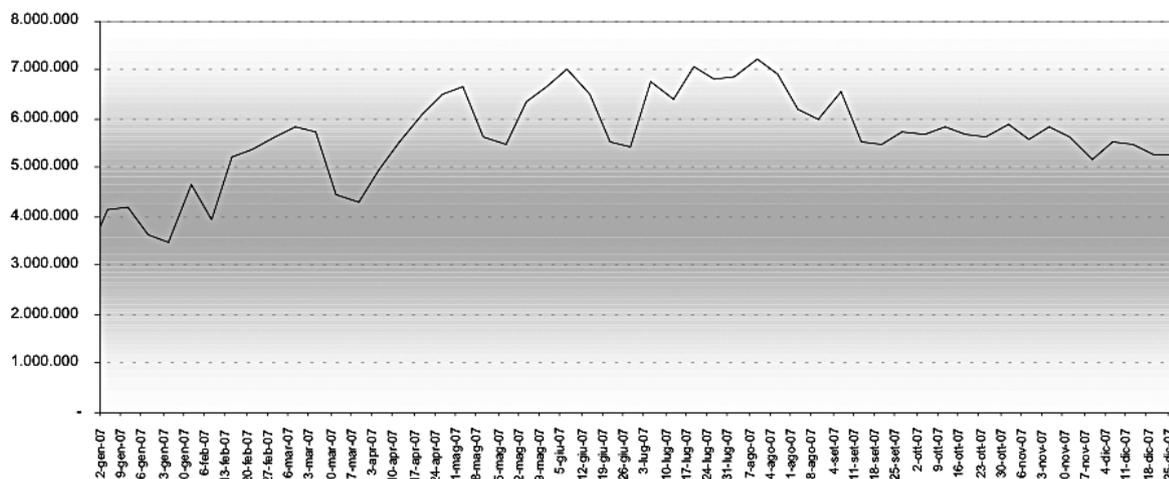
B. Processes for managing and methods for measuring price risk

For information on processes for managing and methods for measuring price risk in trading portfolios, see the paragraph entitled "Market risks". The trend of the consolidated VaR (confidence interval of 99%, period of time 3 months, historical methodology) over the financial year is shown in the graph below: the exposure deriving from own account trading and trading portfolio exposure are considered over the same time span.

Compared to the previous period, there were no changes regarding risk exposure, objectives, policies, processes and methods for managing and measuring risk.

Gruppo Banca Sella – Trading Book

Market risk VaR (period of time 3 months - confidence interval of 99%)



INFORMATION OF A QUANTITATIVE NATURE

1. Regulatory trading book: cash exposures to equities and units in O.I.C.R.

Types of exposures/Values	Book value	
	Listed	Unlisted
A. Equities		
A.1 Stock	15	-
A.2 Innovative capital instruments	-	-
A.3 Other equities	-	-
B. Units in O.I.C.R.		
B.1 Italian-law		
- harmonised open funds	-	-
- un-harmonised open funds	-	-
- closed funds	-	-
- reserved funds	-	18
- speculative funds	-	-
B.2 Of other EU countries		
- harmonised funds	7.748	-
- un-harmonised open funds	-	-
- un-harmonised closed funds	4.194	-
B.3 Of other non-EU countries		
- open funds	2.634	-
- closed funds	-	-
Total	14.591	18

2. Regulatory trading book: breakdown of exposures to equities and equity indices by main country of listing

Type of transactions/Listing index	Listed						Unlisted
	Italy	Luxembourg	Ireland	America	Switzerland	Other Countries	
A. Equities	-	7.748	4.194	2.142	507	-	19
- Long positions	-	7.748	4.194	2.142	507	-	19
- Short positions	-	-	-	-	-	-	-
B. Unsettled transactions in equities	2.207	43	-	-	-	111	-
- Long positions	66.869	221	-	69	-	264	-
- Short positions	64.662	178	-	69	-	153	-
C. Other equity derivatives	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-
D. Equity index derivatives	(2.441)	-	-	-	-	-	-
- Long positions	80.784	-	-	-	-	-	3.926
- Short positions	83.225	-	-	-	-	-	3.926
Total	(234)	7.791	4.194	2.142	507	111	19

2.4 PRICE RISK-BANKING PORTFOLIO

INFORMATION OF A QUALITATIVE NATURE

A. General aspects, processes for managing and methods for measuring price risk

The price risk of the portfolio is mainly due to stakes held with stable investment purposes. The positions were taken directly on the basis of disposition given by the Board of Directors and handled by the Finance Business Area of Sella Holding Banca.

1. Banking book: cash exposures to equities and units in O.I.C.R.

Items	Book value	
	Listed	Unlisted
A. Equities		
A.1 Stock	(37.240)	(669.269)
A.2 Innovative capital instruments	-	-
A.3 Other equities	-	-
B. Units in O.I.C.R.		
B.1 Italian-law		
- harmonised open funds	-	-
- un-harmonised open funds	-	-
- closed funds	-	-
- reserved funds	-	-
- speculative funds	-	-
B.2 Of other EU countries		
- harmonised fundsi	-	(86)
- un-harmonised open funds	-	-
- un-harmonised closed funds	-	-
B.3 Of other non-EU countries		
- open funds	-	-
- closed funds	-	-
Total	(37.240)	(669.355)

2.5 EXCHANGE RATE RISK

INFORMATION OF A QUALITATIVE NATURE

A. General aspects, processes for managing and methods for measuring interest rate risk

Currency operations are dealt with by the Finance department, with the assistance of the Forex and Treasury units which contribute to activities involving the management of loans and deposits in foreign currencies at other credit institutions, short-term trading and hedging of positions subject to exchange rate risk.

Exchange risk is the risk of undergoing losses due to variations in foreign exchange values on all positions held regardless of portfolio. Trading and treasury activities on foreign currencies are monitored daily by the Group's Risk Management unit and are subject to operating limits (expressed as the Value-at-Risk) according to decisions of the Board of Directors.

The only significant currency position is the stake held in London Stock Exchange Group, disclosed un-

der securities available for sale. Moreover, owing to the stability of this investment and considering the category in which it placed, price and exchange rate variations in the stake are not disclosed in the income statement, but rather are found under shareholders' equity differences.

Typically, securities investments in foreign currencies in the trading book are hedged by positions expressed in the same currency without running any exchange rate risk, while trading activity is generally concluded on the same day and maintaining minor positions held overnight and lastly, the management of commitments and collections involves systematic balancing.

See the table in the paragraph entitled "1.2 Market risks", where the item "Foreign Exchange" shows the Value-at-Risk data for the year.

Compared to the previous period, there were no changes regarding risk exposure, objectives, policies, processes and methods for managing and measuring risk.

1. Breakdown of assets, liabilities and derivatives by currency of denomination

Items	Currencies					
	USD	GBP	JPY	AUD	CHF	Other
A. Financial assets	57.346.414	40.215.119	36.600.759	6.199.408	61.003.074	28.908.049
A.1 Debt securities	1.982.973	117.636	-	-	-	-
A.2 Equities	14.800	35.081.475	-	-	-	-
A.3 Due from banks	55.289.749	5.016.008	36.600.759	6.199.408	61.003.074	28.907.856
A.4 Due from customers	58.892	-	-	-	-	192
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	7.005.724	940.528	3.859.056	611.906	760.106	1.821.777
C. Financial liabilities	266.747.613	22.365.947	45.896.770	2.978.535	29.109.673	16.920.361
C.1 Due to banks	246.994.813	20.638.012	36.840.489	2.345.221	28.221.354	9.499.161
C.2 Due to customers	19.752.617	1.727.934	9.056.281	633.314	888.319	7.421.200
C.3 Debt securities	183	-	-	-	-	-
D. Other liabilities	3.382.642	19.210	13.261	82.690	17.205	58.389
E. Financial derivatives	202.438.070	5.935.300	5.421.311	(3.708.883)	(32.455.193)	(13.173.830)
- options	-	-	-	-	-	-
+ long positions	203.192	-	11.142	-	-	34.497
+ short positions	203.192	-	11.142	-	-	34.497
- other derivatives	202.438.070	5.935.300	5.421.311	(3.708.883)	(32.455.193)	(13.173.830)
+ long positions	421.335.233	17.392.300	45.257.854	1.837.125	32.665.303	22.729.722
+ short positions	218.897.163	11.457.000	39.836.543	5.546.008	65.120.496	35.903.552
Total assets	485.890.563	58.547.947	85.728.812	8.648.439	94.428.484	53.494.044
Total liabilities	489.230.610	33.842.157	85.757.717	8.607.233	94.247.375	52.916.798
Imbalance (+/-)	(3.340.047)	24.705.790	(28.905)	41.206	181.109	577.246

KEY

USD = US Dollar

GBP = British Pound

JPY = Japanese Yen

AUD = Australian Dollar

CHF = Swiss Franc

2.6 FINANCIAL INSTRUMENTS DERIVATIVES

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading book: notional end-of-period and average values

Type of operations/ underlying asset	Debt securities and interest rates		Equities and equity indices		Exchange rates and gold		Other instruments		Total 31/12/2007		Total 31/12/2006	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreement	-	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swap	-	2.028.566	-	-	-	-	-	-	-	2.028.566	-	1.672.268
3. Domestic currency swap	-	-	-	-	-	61.829	-	-	-	61.829	-	34.462
4. Currency interest rate swaps	-	-	-	-	-	438.953	-	-	-	438.953	-	19.742
5. Basis swap	-	509.076	-	-	-	-	-	-	-	509.076	-	611.787
6. Equity index swaps	-	-	-	-	-	-	-	-	-	-	-	-
7. Real index swaps	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	35.779	-	12.540	-	-	-	-	-	48.319	-	25.693	-
9. Cap options	-	506.122	-	-	-	-	-	-	-	506.122	-	544.447
- Purchased	-	253.597	-	-	-	-	-	-	-	253.597	-	271.631
- Issued	-	252.525	-	-	-	-	-	-	-	252.525	-	272.816
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	94.000	-	331.114	1.492	-	76.180	-	-	425.114	77.672	230.434	96.696
- Purchased	47.500	-	164.910	746	-	38.090	-	-	212.410	38.836	111.168	48.128
- Plain Vanilla	47.500	-	164.910	746	-	30.355	-	-	212.410	31.101	111.168	48.128
- Exotic	-	-	-	-	-	7.735	-	-	-	7.735	-	-
- Issued	46.500	-	166.204	746	-	38.090	-	-	212.704	38.836	119.266	48.568
- Plain Vanilla	46.500	-	166.204	746	-	30.355	-	-	212.704	31.101	119.266	48.568
- Exotic	-	-	-	-	-	7.735	-	-	-	7.735	-	-
12. Forward agreements	-	862.540	-	132.487	-	312.768	-	-	-	1.307.795	-	856.361
- Purchases	-	435.732	-	67.424	-	145.262	-	-	-	648.418	-	397.233
- Sales	-	426.808	-	65.063	-	76.465	-	-	-	568.336	-	369.294
- Currency against currency	-	-	-	-	-	91.041	-	-	-	91.041	-	89.834
13. Other derivative contracts	-	15.190	-	-	-	-	-	-	-	15.190	-	308.666
Total	129.779	3.921.494	343.654	133.979	-	889.730	-	-	473.433	4.945.203	256.127	4.144.429
Average values	75.646	3.374.998	289.134	68.138	-	-1.101.681	-	-	364.780	4.544.816	246.902	3.354.168

A.2 Banking book: notional end-of-period and average values

A.2.1 Hedging

Type of derivatives/ underlying asset	Debt securities and interest rates		Equities and equity indices		Exchange rates and gold		Other instruments		Total 31/12/2007		Total 31/12/2006	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
	1. Forward rate agreement	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swap	-	77.372	-	-	-	-	-	-	-	77.372	-	22.573
3. Domestic currency swap	-	-	-	-	-	-	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
5. Basis swap	-	-	-	-	-	-	-	-	-	-	-	-
6. Equity index swaps	-	-	-	-	-	-	-	-	-	-	-	-
7. Real index swaps	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Plain Vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
- Plain Vanilla	-	-	-	-	-	-	-	-	-	-	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
12. Forward agreements	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Currency against currency	-	-	-	-	-	-	-	-	-	-	-	-
13. Other derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	77.372	-	-	-	-	-	-	-	77.372	-	22.573
Average values	-	49.973	-	-	-	-	-	-	-	49.973	-	84.050

A.2.2 Other derivatives

Type of derivatives /underlying assets	Debt securities and interest rates		Equities and equity indices		Exchange rates and gold		Other instruments		Total 31/12/2007		Total 31/12/2006	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
1. Forward rate agreement	-	-	-	-	-	-	-	-	-	-	-	-
2. Interest rate swap	-	-	-	-	-	-	-	-	-	-	-	-
3. Domestic currency swap	-	-	-	-	-	-	-	-	-	-	-	-
4. Currency interest rate swaps	-	-	-	-	-	-	-	-	-	-	-	-
5. Basis swap	-	-	-	-	-	-	-	-	-	-	-	-
6. Equity index swaps	-	-	-	-	-	-	-	-	-	-	-	-
7. Real index swaps	-	-	-	-	-	-	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-	-	-	-	-	-	-
9. Cap options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
10. Floor options	-	-	-	-	-	-	-	-	-	-	-	-
- Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	-	-	-	-	-	-	-	-	-
11. Other options	-	-	-	7.852	-	8.156	-	-	-	16.008	-	9.128
- Purchased	-	-	-	3.926	-	4.078	-	-	-	8.004	-	9.128
- Plain Vanilla	-	-	-	3.926	-	4.078	-	-	-	8.004	-	9.128
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
- Issued	-	-	-	3.926	-	4.078	-	-	-	8.004	-	-
- Plain Vanilla	-	-	-	3.926	-	4.078	-	-	-	8.004	-	-
- Exotic	-	-	-	-	-	-	-	-	-	-	-	-
12. Forward agreements	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- Sales	-	-	-	-	-	-	-	-	-	-	-	-
- Currency against currency	-	-	-	-	-	-	-	-	-	-	-	-
13. Other derivative contracts	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	7.852	-	8.156	-	-	-	16.008	-	9.128
Average values	-	-	-	8.490	-	4.078	-	-	-	12.568	-	4.564

A.3 Financial derivatives: purchase and sale of underlying securities

Type of transactions/ Underlying assets	Debt securities and interest rates		Equities and equity indices		Exchange rates and gold		Other instruments		Total 31/12/2007		Total 31/12/2006	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
	A. Regulatory											
trading book	129.779	4.430.570	343.654	133.979	-	889.732	-	-	473.433	5.454.281	256.127	4.756.216
1. Transactions with exchange of capital	129.779	862.540	-	132.487	-	827.903	-	-	129.779	1.822.930	21.513	1.279.168
- Purchases	7.600	435.732	-	67.424	-	449.712	-	-	7.600	952.868	1.670	607.528
- Sales	122.179	426.808	-	65.063	-	273.536	-	-	122.179	765.407	19.843	581.806
- Currency against currency	-	-	-	-	-	104.655	-	-	-	104.655	-	89.834
2. Transactions without exchange of capital	-	3.568.030	343.654	1.492	-	61.829	-	-	343.654	3.631.351	234.614	3.477.048
- Purchases	-	1.773.158	118.375	746	-	27.120	-	-	118.375	1.801.024	115.348	1.641.359
- Sales	-	1.794.872	225.279	746	-	34.709	-	-	225.279	1.830.327	119.266	1.835.689
- Currency against currency	-	-	-	-	-	-	-	-	-	-	-	-
B. Banking book	-	77.372	-	7.852	-	7.636	-	-	-	92.860	-	31.701
B.1 Hedging	-	77.372	-	-	-	-	-	-	-	77.372	-	22.573
1. Transactions with exchange of capital	-	-	-	-	-	-	-	-	-	-	-	-
- Purchases	-	-	-	-	-	-	-	-	-	-	-	-
- sales	-	-	-	-	-	-	-	-	-	-	-	-
- Currency against currency	-	-	-	-	-	-	-	-	-	-	-	-
2. Transactions without exchange of capital	-	77.372	-	-	-	-	-	-	-	77.372	-	22.573
- Purchases	-	17.372	-	-	-	-	-	-	-	17.372	-	22.573
- Sales	-	60.000	-	-	-	-	-	-	-	60.000	-	-
- Currency against currency	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Other derivatives	-	-	-	7.852	-	7.636	-	-	-	15.488	-	9.128
1. Transactions with exchange of capital	-	-	-	-	-	7.636	-	-	-	7.636	-	-
- Purchases	-	-	-	-	-	3.818	-	-	-	3.818	-	-
- Sales	-	-	-	-	-	3.818	-	-	-	3.818	-	-
- Currency against currency	-	-	-	-	-	-	-	-	-	-	-	-
2. Transactions without exchange of capital	-	-	-	7.852	-	-	-	-	-	7.852	-	9.128
- Purchases	-	-	-	3.926	-	-	-	-	-	3.926	-	9.128
- Sales	-	-	-	3.926	-	-	-	-	-	3.926	-	-
- Currency against currency	-	-	-	-	-	-	-	-	-	-	-	-

A.4 Over the counter financial derivatives: positive fair value - counterparty risk

Counterparties/Underlying assets	Debt securities and interest rates			Equities and equity indices			Exchange rates and gold			Other instruments			Different underlying securities	
	Gross unmatched	Gross matched	Future exposure	Gross unmatched	Gross matched	Future exposure	Gross unmatched	Gross matched	Future exposure	Gross unmatched	Gross matched	Future exposure	Matched	Future exposure

A. Regulatory trading book:

A.1 Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Banks	20.032	-	7.507	19	-	60	17.223	-	3.923	-	-	-	-	-
A.4 Financial companies	2.909	-	1.400	-	-	-	70	-	40	-	-	-	-	-
A.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.7 Other entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total A 31/12/2007	22.941	-	8.907	19	-	60	17.293	-	3.963	-	-	-	-	-
Total A 31/12/2006	23.739	-	7.101	-	-	-	17.824	-	8.976	-	-	-	-	-

B. Banking book:

B.1 Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Banks	2.156	-	60	1.000	-	238	6	-	41	-	-	-	-	-
B.4 Financial companies	-	-	-	705	-	76	-	-	-	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.7 Other entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total B 31/12/2007	2.156	-	60	1.705	-	314	6	-	41	-	-	-	-	-
Total B 31/12/2006	1.699	-	67	1.721	-	8	-	-	-	-	-	-	-	-

A.5 Over the counter financial derivatives: negative fair value - financial risk

Counterparties/Underlying assets	Debt securities and interest rates			Equities and equity indices			Exchange rates and gold			Other instruments			Different underlying securities	
	Gross unmatched	Gross matched	Future exposure	Gross unmatched	Gross matched	Future exposure	Gross unmatched	Gross matched	Future exposure	Gross unmatched	Gross matched	Future exposure	Matched	Future exposure

A. Regulatory trading book:

A.1 Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Banks	15.820	- 7.020		19	-	60	20.730	-	4.851	-	-	-	-	-
A.4 Financial companies	6.428	- 1.836		-	-	-	930	-	145	-	-	-	-	-
A.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.7 Other entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total A 31/12/2007	22.248	- 8.856		19	-	60	21.660	-	4.996	-	-	-	-	-
Total A 31/12/2006	22.793	- 3.616	1.320	-	22	16.886	-	5.284	-	-	-	-	-	-

B. Banking book

B.1 Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Public entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.3 Banks	8.115	- 15	1.706	-	314	6	-	41	-	-	-	-	-	-
B.4 Financial companies	18	- 5	-	-	-	-	-	-	-	-	-	-	-	-
B.5 Insurance companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.7 Other entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total B 31/12/2007	8.133	- 20	1.706	-	314	6	-	41	-	-	-	-	-	-
Total B 31/12/2006	226	-	- 401	-	14	-	-	-	-	-	-	-	-	-

A.6 Residual maturities of over the counter financial derivatives: notional values

Underlying assets/Residual maturities	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
A. Regulatory trading book				
A.1 Financial derivatives on debt securities and interest rates	1.925.093	984.720	1.011.681	3.921.494
A.2 Financial derivatives on equities and equity indices	-	1.491	-	1.491
A.3 Financial derivatives on exchange rates and gold	682.980	3.310	-	686.290
A.4 Financial derivatives on other instruments	-	-	-	-
B. Banking book				
B.1 Financial derivatives on debt securities and interest rates	61.483	15.889	-	77.372
B.2 Financial derivatives on equities and equity indices	-	7.852	-	7.852
B.2 Financial derivatives on equities and equity indices	8.156	-	-	8.156
B.4 Financial derivatives on other instruments	-	-	-	-
Total 31/12/2007	2.677.712	1.013.262	1.011.681	4.702.655
Total 31/12/2006	2.148.664	304.157	1.744.823	4.197.644

B. CREDIT DERIVATIVES

B.1 Credit derivatives: notional values of end-of-period and average

Types of transactions	Regulatory trading book		Other transactions	
	On an individual entity	On several entities (basket)	On an individual entity	On several entities (basket)
1. Purchases of protection				
1.1 With exchange of capital (specific requirement of contractual terms)	-	-	-	-
1.2 Without exchange of capital (specific requirement of contractual terms)	-	-	-	-
Total 31/12/2007	-	-	-	-
Total 31/12/2006	-	-	-	-
Average values	-	-	-	-
2. Sales of protection				
2.1 With exchange of capital (specific requirement of contractual terms)	-	-	-	-
2.2 Without exchange of capital (specific requirement of contractual terms)	-	-	-	-
Total 31/12/2007	-	-	-	-
Total 31/12/2006	-	-	-	61.600
Average values	-	-	-	30.800

B.4 Residual maturity of credit derivative contracts: notional values

Underlying assets/Residual maturities	Less than	Between	More than	Total 31/12/2007
	1 year	1 and 5 years	5 years	
A. Regulatory trading book				
A.1 Credit derivatives with "qualified reference obligation"	-	-	-	-
A.2 Credit derivatives with "unqualified reference obligation"	-	-	-	-
B. Banking book				
B.1 Credit derivatives with "qualified reference obligation"	-	-	-	-
B.2 Credit derivatives with "unqualified reference obligation"	-	-	-	-
Total 31/12/2007	-	-	-	-
Total 31/12/2006	61.600	-	-	61.600

SECTION 3 LIQUIDITY RISK

INFORMATION OF A QUALITATIVE NATURE

A. General aspects, processes for managing and methods for measuring liquidity risk

The liquidity risk results from the negative effects of mismatching, according to residual life, between definite and estimated cash inflows and outflows. If not properly monitored and controlled, this risk may negatively affect daily operations or the financial situation of a credit institution or even a banking group.

The control of the level of liquidity of Sella Holding Banca is based on an evaluation of the trend of several parameters regarding the forecast analyses of inflows and outflows related to customer preferences, strategic business factors and seasonal market aspects, as well as on the evaluation of certain parameters, such as:

- the short-term liquidity indicator: this indicates the capacity to cope with cash outflows, both in relation to ordinary customers and in relation to banks in the event of an unexpected liquidity crisis by means of liquid assets or assets that can become liquid within 30 days;

- relationship between interbank deposits and deposits from ordinary customers: this indicator shows the percentage composition of the sources of liquidity;
- relationship between loans and deposits (ordinary customers): this indicator shows imbalances in credit operations.

The ALM Committee and the Risk Management service are responsible for managing liquidity risk, along with the Treasury, which handles the items that contribute to the calculation of reference parameters, and generation of the risk itself.

The parent company's Finance department is responsible for managing the level of liquidity, and, with the support of the Risk Management unit, intervenes promptly with corrective action whenever the need arises to balance the Group's level of liquidity following market events or structural business situations.

During the last part of the year, the process of managing and controlling liquidity, which involves the aforementioned units of the Group, ensured that a more appropriate level of liquidity, despite the events that caused a substantial deterioration in the financial situation in the US and affected the liquidity of the markets.

1. Time spread by residual contract maturity of financial assets and liabilities - denomination currency: EURO

Items/Time brackets	At sight	Between 1 day to 7 days	Between 7 day to 15 days	Between 15 days to 1 month	Between 1 month to 3 months	Between 3 months to 6 months	Between 6 months to 1 year	Between 1 and 5 years	More than 5 years
Cash assets	1.087.858	482.661	94.820	435.468	489.214	139.770	156.226	1.250.066	332.682
A.1 Government securities	-	-	871	47	1.649	19.034	20.753	167.192	19.337
A.2 Listed debt securities	-	-	-	7.698	9.017	10.173	23.759	92.699	36.919
A.3 Other equities	-	6	28	-	36	2.042	2.378	623.368	137.426
A.4 Units of OICR	-	-	-	-	-	-	-	-	-
A.5 Loans	1.087.858	482.655	93.922	427.723	478.512	108.521	109.337	366.808	139.000
- Banks	199.675	482.655	81.688	417.352	419.019	100.917	74.499	-	-
- Customers	888.183	-	12.233	10.371	59.493	7.604	34.838	366.808	139.000
Cash liabilities	1.383.647	465.512	199.524	455.326	596.221	114.589	17.044	1.004.292	234.415
B.1 Deposits	1.380.505	351.303	140.876	279.121	278.924	44.860	6.121	-	-
- Banks	1.278.358	351.125	140.748	278.009	278.890	44.860	6.121	-	-
- Customers	102.147	178	128	1.112	34	-	-	-	-
B.2 Debt securities	-	-	-	-	70.890	2.513	10.923	1.004.292	234.415
B.3 Other liabilities	3.142	114.209	58.648	176.205	246.406	67.216	-	-	-
Off-balance-sheet operations	36.549	577.061	33.211	83.949	229.362	227.435	176.341	228.908	82.284
C.1 Financial derivatives with exchange of capital	35.029	134.894	23.467	81.331	181.712	122.766	144.936	62.770	3.862
- Long positions	83	28.262	13.124	12.560	85.772	49.229	67.519	46.968	3.779
- Short positions	34.945	106.632	10.344	68.771	95.940	73.537	77.417	15.802	83
C.2 Receivable deposits and financings	1.520	1.520	-	-	-	-	-	-	-
- Long positions	-	1.520	-	-	-	-	-	-	-
- Short positions	1.520	-	-	-	-	-	-	-	-
C.3 Irrevocable commitments to fund lending	-	440.646	9.744	2.618	47.650	104.669	31.405	166.138	78.422
- Long positions	-	-	9.744	2.618	47.650	104.669	31.405	166.138	78.422
- Short positions	-	440.646	-	-	-	-	-	-	-

1. Time spread by residual contract maturity of financial assets and liabilities - denomination currency: US DOLLAR

Items/Time brackets	At sight	Between 1 day to 7 days	Between 7 day to 15 days	Between 15 days to 1 month	Between 1 month to 3 months	Between 3 months to 6 months	Between 6 months to 1 year	Between 1 and 5 years	More than 5 years
A. Cash assets	18.559	23.843	102	1.327	6.100	6.522	64	151	594
A.1 Government securities	-	-	-	1.247	20	14	10	18	21
A.2 Listed debt securities	-	-	-	-	-	-	-	80	573
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units of OICR	-	-	-	-	-	-	-	-	-
A.5 Loans	18.559	23.843	102	80	6.080	6.509	54	52	-
- Banks	18.552	23.843	102	80	6.080	6.509	54	-	-
- Customers	7	-	-	-	-	-	-	52	-
B. Cash liabilities	66.314	35.849	18.730	84.019	56.216	5.438	158	-	-
B.1 Deposits	66.060	35.849	18.730	84.019	56.216	5.437	158	-	-
- Banks	56.970	33.206	16.902	78.713	56.148	4.898	158	-	-
- Customers	9.090	2.643	1.829	5.306	68	539	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	254	-	-	-	-	-	-	-	-
C. Off-balance-sheet operations	9.738	160.102	49.214	65.529	97.961	130.981	121.700	78.248	13.377
C.1 Financial derivatives with exchange of capital	-	143.729	49.214	65.529	94.385	129.322	121.601	77.215	13.111
- Long positions	-	143.049	4.267	59.099	85.273	75.367	69.892	12.431	679
- Short positions	-	679	44.947	6.430	9.112	53.955	51.709	64.783	12.431
C.2 Receivable deposits and financings	9.738	9.738	-	-	-	-	-	-	-
- Long positions	-	9.738	-	-	-	-	-	-	-
- Short positions	9.738	-	-	-	-	-	-	-	-
C.3 Irrevocable commitments to fund lending	-	6.634	-	-	3.576	1.659	99	1.034	266
- Long positions	-	-	-	-	3.576	1.659	99	1.034	266
- Short positions	-	6.634	-	-	-	-	-	-	-

1. Time spread by residual contract maturity of financial assets and liabilities - denomination currency: POUND STERLING

Items/Time brackets	At sight	Between 1 day to 7 days	Between 7 day to 15 days	Between 15 days to 1 month	Between 1 month to 3 months	Between 3 months to 6 months	Between 6 months to 1 year	Between 1 and 5 years	More than 5 years
A. Cash assets	2.994	818	-	1.175	128	6	13	-	-
A.1 Government securities	-	-	-	-	111	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	7	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units of OICR	-	-	-	-	-	-	-	-	-
A.5 Loans	2.994	818	-	1.175	18	6	6	-	-
- Banks	2.994	818	-	1.175	18	6	6	-	-
- Customers	-	-	-	-	-	-	-	-	-
B. Cash liabilities	7.587	2.661	205	8.761	3.124	8	19	-	-
B.1 Deposits	7.587	2.661	205	8.761	3.124	8	19	-	-
- Banks	5.859	2.661	205	8.761	3.124	8	19	-	-
- Customers	1.728	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-
C. Off-balance-sheet operations	7.735	17.935	409	6.427	9.041	489	999	189	22
C.1 Financial derivatives with exchange of capital	-	9.496	409	6.409	8.611	487	955	-	-
- Long positions	-	3.051	409	5.727	5.741	283	477	-	-
- Short positions	-	6.446	-	682	2.870	205	477	-	-
C.2 Receivable deposits and financings	7.735	7.735	-	-	-	-	-	-	-
- Long positions	-	7.735	-	-	-	-	-	-	-
- Short positions	7.735	-	-	-	-	-	-	-	-
C.3 Irrevocable commitments to fund lending	-	704	-	18	430	2	44	189	22
- Long positions	-	-	-	18	430	2	44	189	22
- Short positions	-	704	-	-	-	-	-	-	-

1. Time spread by residual contract maturity of financial assets and liabilities - denomination currency: AUSTRALIAN DOLLAR

Items/Time brackets	At sight	Between 1 day to 7 days	Between 7 day to 15 days	Between 15 days to 1 month	Between 1 month to 3 months	Between 3 months to 6 months	Between 6 months to 1 year	Between 1 and 5 years	More than 5 years
A. Cash assets	3.389	221	-	2.322	268	-	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units of OICR	-	-	-	-	-	-	-	-	-
A.5 Loans	3.389	221	-	2.322	268	-	-	-	-
- Banks	3.389	221	-	2.322	268	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-
B. Cash liabilities	699	2.279	-	-	-	-	-	-	-
B.1 Deposits	671	2.279	-	-	-	-	-	-	-
- Banks	66	2.279	-	-	-	-	-	-	-
- Customers	605	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	29	-	-	-	-	-	-	-	-
C. Off-balance-sheet operations	1.508	6.804	633	-	2.156	231	1.050	75	-
C.1 Financial derivatives with exchange of capital	-	537	-	-	970	231	1.050	-	-
- Long positions	-	476	-	-	835	-	525	-	-
- Short positions	-	60	-	-	135	231	525	-	-
C.2 Receivable deposits and financings	1.508	1.508	-	-	-	-	-	-	-
- Long positions	-	1.508	-	-	-	-	-	-	-
- Short positions	1.508	-	-	-	-	-	-	-	-
- Short positions	1.508.218	-	-	-	-	-	-	-	-
C.3 Irrevocable commitments to fund lending	-	4.759	633	-	1.186	-	-	75	-
- Long positions	-	1.432	633	-	1.186	-	-	75	-
- Short positions	-	3.326	-	-	-	-	-	-	-

1. Time spread by residual contract maturity of financial assets and liabilities - denomination currency: JAPANESE YEN

Items/Time brackets	At sight	Between 1 day to 7 days	Between 7 day to 15 days	Between 15 days to 1 month	Between 1 month to 3 months	Between 3 months to 6 months	Between 6 months to 1 year	Between 1 and 5 years	More than 5 years
A. Cash assets	1.297	10.655	246	14.141	9.596	627	39	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units of OICR	-	-	-	-	-	-	-	-	-
A.5 Loans	1.297	10.655	246	14.141	9.596	627	39	-	-
- Banks	1.297	10.655	246	14.141	9.596	627	39	-	-
- Customers	-	-	-	-	-	-	-	-	-
B. Cash liabilities	19.252	6.217	9.119	4.568	6.547	178	16	-	-
B.1 Deposits	18.858	6.217	9.119	4.568	6.547	178	16	-	-
- Banks	10.196	6.217	9.119	4.568	6.547	178	16	-	-
- Customers	8.663	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	394	-	-	-	-	-	-	-	-
C. Off-balance-sheet operations	6.707	30.300	7.712	3.137	28.290	5.667	611	49	-
C.1 Financial derivatives with exchange of capital	-	21.454	6.940	3.137	27.998	4.644	606	-	-
- Long positions	-	14.037	6.364	2.531	9.857	2.322	303	-	-
- Short positions	-	7.418	576	606	18.141	2.322	303	-	-
C.2 Receivable deposits and financings	6.707	6.707	-	-	-	-	-	-	-
- Long positions	-	6.707	-	-	-	-	-	-	-
- Short positions	6.707	-	-	-	-	-	-	-	-
C.3 Irrevocable commitments to fund lending	-	2.139	771	-	292	1.023	5	49	-
- Long positions	-	-	771	-	292	1.023	5	49	-
- Short positions	-	2.139	-	-	-	-	-	-	-

1. Time spread by residual contract maturity of financial assets and liabilities - denomination currency: SWISS FRANC

Items/Time brackets	At sight	Between 1 day to 7 days	Between 7 day to 15 days	Between 15 days to 1 month	Between 1 month to 3 months	Between 3 months to 6 months	Between 6 months to 1 year	Between 1 and 5 years	More than 5 years
A. Cash assets	11.489	22.320	1.970	9.375	14.723	1.054	72	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 Listed debt securities	-	-	-	-	-	-	-	-	-
A.3 Other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units of OICR	-	-	-	-	-	-	-	-	-
A.5 Financings	11.489	22.320	1.970	9.375	14.723	1.054	72	-	-
- Banks	11.489	22.320	1.970	9.375	14.723	1.054	72	-	-
- Customers	-	-	-	-	-	-	-	-	-
B. Cash liabilities	1.580	9.609	2.411	13.699	1.013	127	670	-	-
B.1 Deposits	1.580	9.609	2.411	13.699	1.013	127	670	-	-
- Banks	692	9.609	2.411	13.699	1.013	127	670	-	-
- Customers	888	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-
C. Off-balance-sheet operations	2.777	65.937	6.087	3.711	36.754	5.233	14.270	-	-
C.1 Financial derivatives with exchange of capital	-	41.946	5.598	3.022	34.937	-	12.283	-	-
- Long positions	-	11.012	1.439	-	11.769	-	8.445	-	-
- Short positions	-	30.933	4.159	3.022	23.169	-	3.838	-	-
C.2 Receivable deposits and financings	2.777	2.777	-	-	-	-	-	-	-
- Long positions	-	2.777	-	-	-	-	-	-	-
- Short positions	2.777	-	-	-	-	-	-	-	-
C.3 Irrevocable commitments to fund lending	-	21.214	489	689	1.817	5.233	1.987	-	-
- Long positions	-	5.499	489	689	1.817	5.233	1.987	-	-
- Short positions	-	15.715	-	-	-	-	-	-	-

1. Time spread by residual contract maturity of financial assets and liabilities - denomination currency: OTHER

Items/Time brackets	At sight	Between 1 day to 7 days	Between 7 day to 15 days	Between 15 days to 1 month	Between 1 month to 3 months	Between 3 months to 6 months	Between 6 months to 1 year	Between 1 and 5 years	More than 5 years
A. Cash assets	12.059	7.805	692	2.939	4.202	526	684	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-
A.2 listed debt securities	-	-	-	-	-	-	-	-	-
A.3 other debt securities	-	-	-	-	-	-	-	-	-
A.4 Units of OICR	-	-	-	-	-	-	-	-	-
A.5 Financings	12.059	7.805	692	2.939	4.202	526	684	-	-
- Banks	12.059	7.805	692	2.939	4.202	526	684	-	-
- Customers	-	-	-	-	-	-	-	-	-
B. Cash liabilities	8.937	6.482	-	1.502	-	-	-	-	-
B.1 Deposits	8.924	6.482	-	1.502	-	-	-	-	-
- Banks	1.515	6.482	-	1.502	-	-	-	-	-
- Customers	7.408	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	13	-	-	-	-	-	-	-	-
C. Off-balance-sheet operations	6.917	45.922	6.703	3.580	15.567	7.565	2.283	4.034	6
C.1 Financial derivatives with exchange of capital	-	31.145	6.703	3.580	15.563	7.559	2.196	3.973	-
- Long positions	-	13.795	1.384	2.017	4.977	3.367	1.106	1.986	-
- Short positions	-	17.350	5.319	1.563	10.586	4.192	1.090	1.986	-
C.2 Receivable deposits and financings	6.917	6.917	-	-	-	-	-	-	-
- Long positions	-	6.917	-	-	-	-	-	-	-
- Short positions	6.917	-	-	-	-	-	-	-	-
C.3 Irrevocable commitments to fund lending	-	7.860	-	-	3	7	87	61	6
- Long positions	-	3.848	-	-	3	7	87	61	6
- Short positions	-	4.012	-	-	-	-	-	-	-

2. Breakdown of financial liabilities by industry

Exposures/Counterparties	Governments and central banks	Other public entities	Financial companies	Insurance companies	Non-financial companies	Other entities	Total
1. Due to customers	-	-	126.254	9	-	61.885	188.148
2. Outstanding securities	-	-	-	-	-	1.322.548	1.322.548
3. Financial liabilities held for trading	-	-	10.682	-	-	38.344	49.026
4. Financial liabilities at fair value	-	-	-	-	-	-	-
Total 31/12/2007	-	-	136.936	9	-	1.422.777	1.559.722
Total 31/12/2006	285.346	-	161.519	-	8.136	1.096.136	1.551.137

3. Breakdown of financial liabilities by geographical area

Exposures/Counterparties	Italy	Other European Countries	America	Asia	Rest of the world	Total
1. Due to customers	170.023	3.926	13.911	120	168	188.148
2. Due to central banks	2.823.160	573.292	17	7.628	-	3.404.097
3. Outstanding securities	1.282.515	40.033	-	-	-	1.322.548
4. Financial liabilities held for trading	30.619	18.370	37	-	-	49.026
5. Financial liabilities at fair value	-	-	-	-	-	-
Total 31/12/2007	4.306.317	635.621	13.965	7.748	168	4.963.819
Total 31/12/2006	3.988.799	434.889	23.412	35.623	36	928.849

SECTION 4 OPERATING RISK

INFORMATION OF A QUALITATIVE NATURE

A. General aspects, processes for managing and methods for measuring operating risk

In 2007 the parent company Sella Holding Banca directed and coordinated control of exposure to risks assumed by companies of the Group during ordinary and extraordinary activities, delegating the operational aspects to "Risk Management and Control". This service was assigned the objective of measuring, monitoring, and supporting the management of total exposure to operating, market and credit risk of the entire Banca Sella Group, having constant access to the information and accounting and management data of all the subsidiaries.

The operating risk is the risk of losses arising from the insufficiency or the malfunction of internal processes, persons or systems, or from external events, or the risk of incurring losses subsequent to internal or external fraud legal risk (breach of contractual obligations), insufficiency of internal controls or computer systems, and natural disasters.

Detrimental operating results consist of individual events due to the inefficiency or malfunctioning of processes, staff, systems or external events, which generates one or more operating losses.

Operating risk therefore refers to all the shortcomings in the current operations of the Group companies that cannot be directly connected to credit and market risks, i.e. to outside events that damage the companies.

In order to identify and mitigate operating risk, the Risk Management and Control unit mapped and validated the Gruppo Banca Sella business processes, assigning a risk rating to each process (riskiness of process in the absence of any controls) and a residual risk rating (riskiness of process taking account of the mitigating effect of the controls carried out to prevent risky events and reduce negative effects). Particular attention is given to the corresponden-

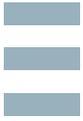
ce of the operating map with the reality of the underlying process. The analysis becomes the basis for constant, continuous and systematic action closely linked to the physiological maintenance and update of processes and existing controls, the creation of new processes or their elimination, internal evidence deriving from anomalies or the outcome of audits, and manifest external evolution of risks.

In order to improve the culture of operating risks and handling of anomalies, the Risk Management and Control unit has extended use of the "Control Cycle" IT platform to all Group companies. This process involves the classification and handling of anomalies, supported by special software, which regulates correct allocation to the processes generating these anomalies, assignment of follow-up responsibilities, and tracing and handling of elimination of anomalies and their causes.

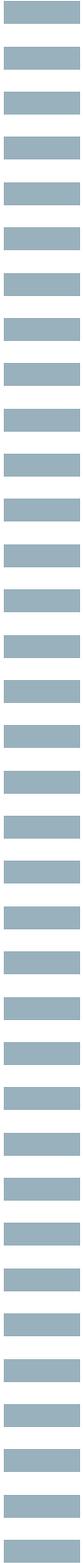
February 2007 saw the end of the tour of training workshops (which began in September 2006) aimed at demonstrating use of the tool and, at the same time, heightening awareness among colleagues at all levels, regarding the issue of risk and particularly operating risk. New refresher courses will be held for all employees from the first quarter of 2008, aimed at improving use of the Control Cycle and its effectiveness as a follow-up management tool.

The monitoring of risk translates into reporting functions targeted at all levels of the company's organisation, in accordance with regulations that call for immediate communication of operating risks. In order to implement proactive management of operating risk, the Risk Management and Control unit thus produces regular summary and detailed reports showing the degree of risk of each group company regarding:

- a) detrimental events and the operating losses notified in the Control Cycle database (highlighting more severe anomalies);
- b) actual effectiveness of existing manual line controls;
- c) the overall operating risk based on the main KPI (Key Performance Indicators) and KRI (Key Risk Indicators).



PART F - INFORMATION ON CONSOLIDATED EQUITY



SECTION 1 CONSOLIDATED CAPITAL

A. INFORMATION OF A QUALITATIVE NATURE

In order to meet its objectives and follow strategic lines of development, the Bank adopts the measures necessary to guarantee adequate protection of capital.

A first verification is made during the process of the creation of the Group's three-year strategic plan through a comparison of dynamics of development of

activities that have an influence on the entity of risks through the expected evolution of capital structure.

Capital adequacy is obtained through:

- payout policies,
- issue of subordinate bonds.

As at 31 December 2007, the surplus of capital for supervisory purposes over mandatory levels is a value that is consistent with the Bank's risk profile, allowing for growth in line with expected growth objectives.

B. INFORMATION OF A QUANTITATIVE NATURE

Shareholders' equity items	Amount
Share capital	80.000
Share premium	49.414
Reserves	238.145
- Legal reserve	28.759
- Statutory reserve	33.869
- Extraordinary reserve	94.616
- Extraordinary reserve bound as per law 266/05 art. 1 paragraph 469	3.036
- Reserve as per Law 41/95 art.25 part. 3	74.943
- Realignment reserve as per Law 266/05 art. 1 paragraph 469	18.344
- Reserve as per Law 218/90 art. 7	2.586
- Reserve from reinvested capital gains	710
- Special reserve as per Law 124/93 art. 13	239
- Reserve from surplus of merger with Sella South Holding	6.194
- Reserve from assignment as per Law 218/90 art.	-
- Reserve from adoption of IAS/IFRS standards	(21.219)
- Reserve from purchase of company branch from Group's company	(144)
- Profits/Losses brought forward from adoption of IAS/IFRS standards	(3.788)
Valuation reserves	21.966
- Special revaluation laws	17.212
- Financial assets available for sale	4.754
Profit for the year	65.713
Total	455.238

SECTION 2 CAPITAL FOR SUPERVISORY PURPOSES AND CAPITAL ADEQUACY RATIOS

2.1 CAPITAL FOR SUPERVISORY PURPOSES

A. INFORMATION OF A QUALITATIVE NATURE

The capital for supervisory purposes and the capital adequacy ratios were calculated on the basis of capital values and of the operating result determined by the application of the international accounting standards IAS/IFRS, in compliance with Memorandum 155/91 and subsequent updates of the Banca d'Italia containing the "Instructions on compiling indications on capital for supervisory purposes and capital adequacy ratios".

The last update of the above memorandum introduced several changes regarding the calculation of capital for supervisory purposes. The following variations affected the way data are presented:

- deduction of equity investments in financial and banking companies at 50% from Tier 1 capital and, for the remaining 50% from the Tier 2 capital, in-

- instead of entirely from the sum of both;
- introduction of Tier III capital.

1. Tier 1 capital

Consists of:

- share capital
- shares premiums
- capital reserves
- profits from the period

net of dividends to be distributed and net of intangible fixed assets

2. Tier 2 and tier-III capital

Consists of:

- valuation reserves
- hybrid capitalization instruments
- subordinate liabilities

The main contractual characteristics of the instruments entering in the calculation of the Tier 2 capital and of the tier-III capital are summarised in the following table.

Issuer	Interest rate	Rate type	Issue date	Expiry date	Early repayment from	Currency	Original amount*	Contribution to regulatory capital*
Sella Holding Banca	5,100%	variable	16-sept-02	16-mar-13	NO	EURO	50.000	49.867
Sella Holding Banca	4,950%	variable	1-sept-03	1-sept-14	NO	EURO	24.612	24.427
Sella Holding Banca	4,650%	variable	15-jul-04	15-jul-15	NO	EURO	18.560	18.286
Total hybrid instruments (Upper Tier II)								92.580
Sella Holding Banca	4,900%	variable	15-dec-02	15-dec-08	15-dec-04	EURO	25.000	4.944
Sella Holding Banca	4,800%	variable	15-oct-03	15-oct-09	17-oct-05	EURO	10.000	4.000
Sella Holding Banca	4,800%	variable	14-nov-05	14-nov-11	14-nov-07	EURO	20.000	15.695
Sella Holding Banca	5,498%	variable	15-dec-04	15-dec-14	NO	EURO	50.000	50.000
Sella Holding Banca	5,213%	variable	28-nov-06	28-nov-16	NO	EURO	50.000	50.000
Sella Holding Banca	5,270%	variable	21-jun-07	21-jun-17	NO	EURO	10.000	10.000
Sella Holding Banca	5,636%	variable	27-dec-07	27-dec-17	NO	EURO	30.000	30.000
Total subordinated (Lower Tier II)								164.640
Sella Holding Banca	4,980%	variable	18-mar-05	18-mar-08	NO	EURO	20.000	6.083
Sella Holding Banca	4,570%	variable	3-jul-06	3-jul-09	NO	EURO	10.000	-
Total subordinated Upper Tier III								6.083
Total								263.302

* (in thousands of)

Hybrid instruments (Upper Tier II)

The subordinated Upper Tier II loans meet the requirements of Banca d'Italia for being computed as components of "Capital for supervisory purposes". In particular:

- they are not subject to early reimbursement clauses;
- repayment upon maturity is subject to prior authorisation from Banca d'Italia ;
- in the event of balance-sheet losses that lead to a decrease in paid-up capital and the reserves below the minimum level of capital provided for the authorisation of banking activity, the sums from the above liabilities and from matured interest may be used to make up for losses in order to allow the issuer to continue operations;
- in the event of liquidation of the issuer, the holder of the loan will be repaid after all other creditors that are not normally subordinated have been satisfied.

Subordinates Lower Tier II

The subordinated Upper Tier II liabilities meet the requirements of Banca d'Italia for being computed as components of "Capital for supervisory purposes". In particular:

- in the event of liquidation of the issuer, the holder of the loan will be repaid after all other creditors that are not equally subordinated have been satisfied;
- they are not subject to early reimbursement clauses unless at the initiative of the Bank subject to the consent of Banca d'Italia.

Third Level Subordinates (Lower Tier III)

These bonded loans meet the requirements of the Banca d'Italia for the purposes of deductibility of capital requirements for market risks. In particular:

- payment of interest and principle is suspended if the required assets of the issuer fall below the required assets established by the "Supervisory Instructions of the Banca d'Italia";
- in the event of liquidation of the issuer, the holder of the loan will be repaid after all other creditors that are not normally subordinated have been satisfied;
- the original duration is not less than two years.

B. INFORMATION OF A QUANTITATIVE NATURE

	Total 2007	Total 2006
A. Tier 1 capital before application of prudential filters	402.549	343.879
B. Tier 1 prudential filters:	(2)	-
B.1 Prudential filters IAS/IFRS positive (+)	-	-
B.2 Prudential filters IAS/IFRS negative (-)	(2)	-
C. Tier 1 capital gross of items to be deducted (A + B)	402.547	343.879
D. Elements to deduct from Tier 1	1.593	-
E. Total TIER 1 (C - D)	400.955	343.879
F. Tier 2 capital before application of prudential filters	279.173	291.572
G. Tier 2 prudential filters:	(2.377)	(18.954)
G.1 Prudential filters IAS/IFRS positive (+)	-	-
G.2 Prudential filters IAS/IFRS negative (-)	(2.377)	18.954
H. Tier 2 capital gross of items to be deducted (F + G)	276.796	272.618
I. Items to be deducted from Tier 2	1.593	-
L. Total TIER 2 (H - I)	275.203	272.618
M. Items to be deducted from Tier 1 and Tier 2 capital	46.851	50.557
N. Regulatory capital (E + L - M)	629.307	565.940
O. TIER 3	6.083	-
P. Regulatory capital including Tier 3 (N + O)	635.390	-

Tier III capital is calculated in accordance with memorandum no. 155/91 of Banca d'Italia, which requires the covering of requisites on market risks, net of counterparty risks, up to a maximum of 71.4% of these requisites.

2.2 CAPITAL ADEQUACY

A. INFORMATION OF A QUALITATIVE NATURE

As can be determined from information of a quantitative nature in the following table indicating the

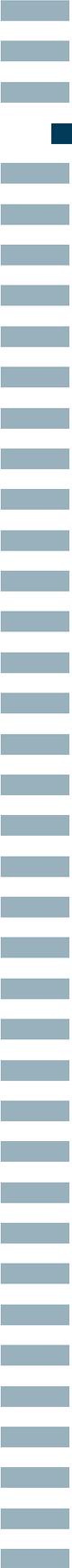
risk activities and capital requirements, the company has a ratio between tier 1 capital and risk-weighted assets of 13.55% and a ratio between total capital for supervisory purposes and risk-weighted assets of 21.47%, which is much greater than the minimum requirement of 7%.

B. INFORMATION OF A QUANTITATIVE NATURE

Categories/Values	Non-weighted amounts		Weighted amounts/requirements	
	2007	2006	2007	2006
A. RISK ASSETS				
A.1 CREDIT RISK	4.493.323	4.212.686	2.816.994	2.545.053
<i>Standard Method</i>				
CASH ASSETS	4.262.029	3.916.562	2.715.889	2.426.671
1. Exposure (other than equities and other subordinated assets) due to (or guaranteed by):	3.381.727	3.076.430	1.880.344	1.651.279
1.1 Governments and Central Banks	125.871	116.801	-	-
1.2 Public-sector bodies	9	5	2	1
1.3 Banks	1.699.451	1.589.324	339.890	317.865
1.4 Other entities (different from mortgage credits on residential and non-residential buildings)	1.556.396	1.370.300	1.540.452	1.333.413
2. Mortgages on residential buildings	-	-	-	-
3. Mortgages on non-residential buildings	-	-	-	-
4. Shares, holdings and subordinated assets	763.019	697.345	763.280	697.707
5. Other cash assets	117.283	142.787	72.265	77.685
OFF-BALANCE SHEET ASSETS	231.295	296.124	101.104	118.382
1. Guarantees and commitments towards (or pledged by):	226.864	293.638	100.218	117.682
1.1 Governments and Central Banks	-	-	-	-
1.2 Public-sector bodies	-	-	-	-
1.3 Banks	158.308	219.945	31.662	43.989
1.4 Other	68.557	73.693	68.557	73.693
2. Derivative contracts due to (or guaranteed by):	4.430	2.486	886	700
2.1 Governments and Central Banks	-	-	-	-
2.2 Public-sector bodies	-	-	-	-
2.3 Banks	4.430	1.811	886	362
2.4 Other	-	675	-	338
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 CREDIT RISK	-	-	197.190	178.154
B.2 MARKET RISK	-	-	9.947	7.303
1. STANDARD METHOD	X	X	9.947	7.303
of which:				
+ position risk on debt securities	X	X	5.011	4.242
+ position risk on equities	X	X	3.509	1.812
+ exchange rate risk	X	X	-	-
+ other risks	X	X	1.427	1.249
2. INTERNAL MODELS	X	X	-	-
of which:				
+ position risk on debt securities	X	X	-	-
+ position risk on equities	X	X	-	-
+ exchange rate risk	X	X	-	-
B.3 OTHER PRUDENTIAL REQUIREMENTS	X	X	-	-
B.4 TOTAL PRUDENTIAL REQUIREMENTS (B1+B2+B3)	X	X	207.136	185.456
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk assets weighted	X	X	2.959.088	2.649.378
C.2 Tier 1 capital/Risk assets weighted (Tier 1 capital ratio)	X	X	13,55%	12,98%
C.3 Regulatory capital/Risk assets weighted (Total capital ratio) (*)	X	X	21,47%	21,64%

If the new criteria of the twelfth update to Banca d'Italia Memorandum no. 155/91 had been applied to the previous financial year, the capital adequacy ratios at 31 December 2006 would be as follows:

- Tier 1 capital ratio: 12.91%



**PART G – OPERATIONS OF AGGREGATION
REGARDING COMPANIES OR BRANCHES OF BUSINESS**



SECTION 1 OPERATIONS PERFORMED DURING THE YEAR

AGGREGATION OF SELLA SOUTH HOLDING SPA AND SELLA HOLDING BANCA SPA.

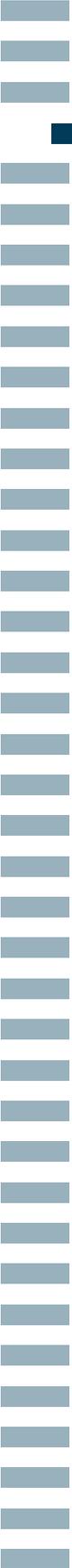
The aim of this operation was to simplify the chain of control of Group equity investments in Southern Italy, which was exercised by Sella South Holding S.p.A. before the aggregation.

The elimination in question involved a merger of

the subsidiary Sella South Holding S.p.A. into the parent company.

This operation involved no amendments to the articles of association of the parent company and there was no impact on capital.

Completion of the operation led to acquisition of a direct controlling stake for the parent company of 51.25% in Banca Ardit Galati S.p.A. and 93.2% in Banca di Palermo S.p.A.



PART H - OPERATIONS WITH RELATED PARTIES



The group of related parties that on the basis of the indications IAS 24 are significant for Gruppo Banca Sella with reference to the specific organisational and governance structure comprise:

- a) subsidiary companies that the parent company controls directly or indirectly;
- b) associated companies on which the parent company directly or indirectly exerts considerable influence;
- c) directors and managers with strategic responsibility;
- d) close relatives of directors and managers with strategic responsibility;
- e) subsidiary or associated companies with one of the parties specified in points c) and d).

1. Information on remuneration of directors and managers

In the light of the current organisational framework of the Group "managers with strategic responsibilities" include: the Board of Directors and the members of the Central Management Committee of Sella Holding Banca entrusted with the functions of directing, coordinating and controlling.

Remuneration paid in 2007 to the above members of the parent company are listed on the following table:

Remuneration paid to managers with strategic responsibilities (including directors) <i>(figures in thousands of euros)</i>	2007
a) short-term employee benefits	2.820,0
b) post-employment benefits	-
c) other long-term benefits	-
d) staff severance indemnities	168,6
e) share based payments	-
Total	2.988,6

The following table shows the different remuneration earned in 2007 by the directors and statutory audi-

tors of the Parent Company:

Remuneration paid in 2007 <i>(figures in thousands of euros)</i>	2007
Board Directors	4.427
Statutory Auditors	182,0

2. Information on transactions with related parties

The transactions with correlated parties were normally conducted on the same conditions as those applied to the transactions with independent third parties.

Outsourcing contracts

The Parent Company, as part of its directing, coordinating and control function, provides a series of outsourcing activities on behalf of subsidiary and associated companies. These activities include, inter alia, acting as a

custodian, finance, accounting, legal advice, payment systems, information systems, risk management, marketing and administration.

These activities are subject to specific contracts and are conducted after their mutual benefit has been ascertained and are conducted subject to market conditions with the objective of creating value within the Group.

For the provision of these services, the companies of the Group pay Sella Holding Banca a general fee amounting to 54.3 million euros.

The following table shows the assets, liabilities, guarantees and commitments in existence at 31 De-

cember 2007 broken down by different types of related parties:

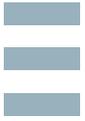
Transactions with related parties <i>(figures in thousands of euros)</i>			
	Non-consolidated subsidiary companies	Associated companies	Directors and Managers
Credits	-	-	1.394,7
Cash and significative loans	-	-	1.760,7
Guarantees given	-	-	144,0
Guarantees received from the Bank	-	-	303,0



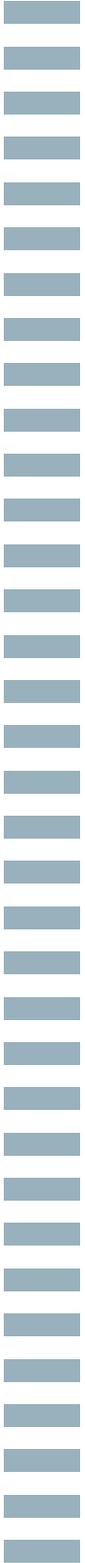
PART I - PAYMENT AGREEMENTS BASED ON OWN CAPITAL INSTRUMENTS

Sella Holding Banca does not have any outstanding operations of this type.





INDIPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT
pursuant to art. 2409-ter of the Italian Civil Code
(Translation from the original Italian text)

To the Shareholders of
Banca Sella Holding S.p.A.
(formerly Sella Holding Banca S.p.A.)

1. We have audited the financial statements of Banca Sella Holding S.p.A. as of and for the year ended December 31, 2007, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. These financial statements are the responsibility of the Banca Sella Holding S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards and procedures generally accepted in Italy. In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 27, 2007.

3. In our opinion, the financial statements of Banca Sella Holding S.p.A. at December 31, 2007 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the measures issued to implement art. 9 of the Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of Banca Sella Holding S.p.A. for the year then ended.

4. In the board of director's report on accounts the management provide information on the evolution of the judicial disputes and extrajudicial claims that concern the subsidiary Sella Bank Luxembourg S.A.. Within this context, Banca Sella Holding has renewed its commitment to indemnify the Luxembourg company against any charges that might arise from requests of compensation by giving the necessary financial support to comply with the minimal equity requirements. Following the specific legal opinions requested and the agreement concluded in 2008 with the liquidators of Luxembourg open-end investment companies, management believes the amount recognized in Provisions for risks and charges in the financial statements to be adequate.

Turin, 11 April 2008

Reconta Ernst & Young S.p.A.

Signed by: Stefania Doretto, Partner

DECISIONS OF THE ORDINARY SHAREHOLDERS' MEETING OF 30th APRIL 2008

The Shareholders' Meeting unanimously:

a p p r o v e s

- the Report of the Board of Directors for the year 2007;
- the Financial Statements for the year ended December 31st 2007 consisting of the Balance Sheet, Income statement and Notes to the Financial Statements and the annexes thereto;
- the distribution of profits contained in the Report of the Board of Directors.

a p p o i n t s

- Deloitte & Touche S.p.A. as independent auditor, pursuant to article 2409-quater of the Civil Code, for the three-year period 2008-2010.