Banca IFIS Group

AR14

PRELIMINARY YEARLY RESULTS BANCA IFIS IFIS 2014

CONTENTS

Introduction

As a result of a new 2014 ruling pertaining to harmonized and prudential statistical reporting required by the EBA (known by the acronym CO.REP and FIN.REP), banks must produce their December 31, 2014 balance sheet data, no later than 'February 11, 2015.

This present voluntary informational disclosure of the Banca IFIS Group's preliminary results has been arranged by the Board of Directors at their meeting of January 20, 2015 for the above objectives, to further strengthen its intended illustrative purpose aimed at the financial market.

This voluntary informational disclosure does not constitute a consolidated financial statement compliant with the IAS / IFRS international accounting standards and therefore subject to change. The official Financial Statement of December 31, 2014 will be approved on February 18, 2015. The document presented herein does not contain all information and schedules required for financial statements drafted in accordance with relevant accounting standards.

The consolidated financial statements as of December 31, 2014 will, therefore, be made available to the public, at a later date, following the approval date of February 18, 2015, in time for its deposit pursuant to law, together with the independent auditors' report.

Chairman's Letter

Dear Shareholders,

2014 saw several important landmarks, confirming once again Banca IFIS's solid foundations. We continue growing and achieving targets, which is especially positive considering the protracted challenging economic scenario of the last twelve months. With a sustainable and profitable business model, the bank put the mutually related values of innovation and superior technical expertise at the core of its growth.

Throughout the year just ended, a major political and economic issue was credit, especially to businesses – and this will continue to be the case also in the future. We need a breakthrough to provide more credit to the real economy, and we need a renewed relationship between companies and banks to allow entities in good standing and those with growth potential to access more funding. The lack of a coordinated effort caused the already limited availability of credit to businesses and households to shrink even further.

Small companies cannot create a virtuous cycle due to the lack of credit, with repercussions on individual entities as well as several supply chains and business clusters, and eventually on the real economy.

As for households, the lack of a recovery did not allow the scenario to improve.

The bank is committed to supporting these two sides of Italy, virtuous businesses and struggling households, putting its relentlessly growing technological expertise to use in driving innovation in the banking industry.

In 2014, the Bank once again posted strong margins and grew exponentially in spite of widespread market concerns – a situation exacerbated by Italy's financial, political and legal instability.

In the DRL segment, Banca IFIS is the only active buyer on the Italian market and is also able to manage the entire non-performing loan supply chain on its own. This segment is growing fast and will evolve and innovate further also in 2015.

Therefore, we enter the new year with our abundant liquidity, excellent capital ratios and strong asset quality. Over the next 12 months, as always, the bank will strive to grasp all the opportunities offered by the market.

Our strong position and the confidence investors have in the company allow us to continue paying high dividends, a policy I believe shareholders appreciate. Here is to a wonderful 2015, hoping to achieve once again excellence and satisfaction while serving the real economy.

Corporate Bodies

Board of Directors

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Alessandro Csillaghy
CEO	Giovanni Bossi [1]
Directors	Giuseppe Benini
	Francesca Maderna
	Andrea Martin
	Riccardo Preve
	Marina Salamon
	Daniele Santosuosso

1) The CEO has powers for the ordinary management of the Company.

General Manager	Alberto Staccione

Board of Statutory Auditors

Chairman	Giacomo Bugna
Standing Auditors	Giovanna Ciriotto
	Mauro Rovida
Alternate Auditors	Luca Giacometti
	Sonia Ferrero

Independent Auditors	Reconta Ernst & Young S.p.A.
Corporate Accounting Reporting Officer	Carlo Sirombo

bancaIFIS

Fully paid-up share capital 53.811.095 Euro
Bank Licence (ABI) No. 3205.2
Tax Code and Venice Companies
Register Number: 02505630109
VAT No.: 02992620274
Enrolment in the Register of Banks No.: 5508
Registered and administrative office
Via Terraglio 63, – Mestre, 30174 – Venice, Italy
Website: www.bancaifis.it

FCI
Member of Factors
Chain International

Business

The Banca IFIS Group is the only independent banking group in Italy that specialises in the segment of trade receivables, distressed retail loans and tax receivables.

The brands and business areas through which the Group operates, financing the real economy, are:

Credi Impresa Futuro, dedicated to supporting the trade receivables of small- and medium-sized enterprises operating in the Italian market;

Banca IFIS International, for companies growing abroad or based abroad and working with Italian customers;

Banca IFIS Pharma, supporting the trade receivables of local health services' suppliers;

CrediFamiglia and **NPL area**, comprising all operations of the business area active in the distressed retail loans segment;

Fast Finance, focusing on the segment of tax receivables arising mainly from insolvency proceedings.

The Bank carries out its retail funding business through the following brands and products:

rendimax, the high-yield online savings account, completely free, offered to individuals, business customers and for insolvency proceedings;

contomax, born in January 2013, the low-cost online current account with high returns.

Listed on the Star segment of Borsa Italiana, the Banca IFIS Group has always been an innovative and steadily growing company.

Trade receivables segment

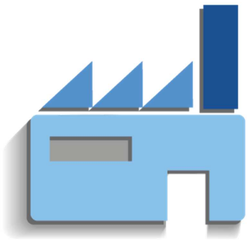
Credi Impresa Futuro

Faced with strong demand and armed with a decade of experience in this segment, Banca IFIS developed a new project and introduced also a new brand to foster the growth of trade finance loans to Italian SMEs: Credi Impresa Futuro. The multichannel service and real-time continuous support, together with the close proximity to our customers through our network, are the strengths of this initiative. Our revamped team of specialists ensures an open and constant dialogue between the bank and its customers. The web – in all its forms – is the preferred method to contact customers, giving more and more opportunities for raising financing to businesses requiring it.

The advanced use of CRM platforms and approaching the market also through social media are the ingredients of a formula which is further proof of the Bank's pioneering spirit.

In the last 6 months of 2014 alone, over 4.200 companies received financing and custom-tailored solutions aimed at resolving specific working capital financing problems through the factoring of trade receivables. In particular, Banca IFIS's Credi Impresa Futuro managed to address the needs of companies that boast supply relationships with customers of good credit standing. Banca IFIS was the first in providing factoring, a service usually required by large businesses, to SMEs: this allowed the Bank to finance companies by transferring the credit risk to their customers, i.e. to the account debtors. The assessment and authorisation criteria used by Credi Impresa Futuro and related to this financial instrument focus on the credit quality and the productive capacity of the company, rather than exclusively on its capital position, allowing Credi Impresa Futuro to always act out of awareness. Through this approach, Credi Impresa Futuro focuses on the current and future ability of its corporate customers to grow their business.

Requirements for the customer to access Credi Impresa Futuro's services



Your customers are enterprises, not people

Your company is already supplying and invoicing the service or product you offer

Credi Impresa Futuro’s intervention is based on a key and constant element, i.e. factoring the customer's trade receivables and financing them in a very short time. For Credi Impresa Futuro, financing a customer means providing the resources to run and expand its business. However, the lending business alone is not representative of the Bank’s whole product range. Leveraging trade receivables to provide companies with the necessary support to develop involves new factors, whose mix generates intrinsically better results compared to traditional bank lending. Indeed, non-specialist banks base their credit risk analysis and their assessment of whether or not to intervene almost exclusively on the client company and its creditworthiness. In Credi Impresa Futuro’s approach, the focus is on the trade receivables the client company manages to generate and the quality of its customers: this has resulted in a new way of providing credit that is more effective than the traditional approach.

For the client company, the relationship with Credi Impresa Futuro is not just about credit. Of course, this remains crucial, as especially small- and medium-sized enterprises often need resources urgently to finance their working capital; but it is also about outsourcing accounts receivable management. Smaller companies find it cost-effective and efficient to let a specialist player such as Credi Impresa Futuro manage their accounts receivable; at the same time, larger companies consider outsourcing such a delicate process as managing their accounts receivable as a way to generate value.

Furthermore, it is also a question of monitoring the risk related to the final debtor. Credi Impresa Futuro assesses the creditworthiness of the account debtors, i.e. those that in the end must repay their trade receivables. For the Bank, this is crucial: it may decide not to act if the account debtor (i.e. the “customer” of the Bank's client) does not meet the necessary credit requirements.

Therefore, Credi Impresa Futuro's intervention is not exclusively about trade finance. Besides credit, we provide a service to manage accounts receivable and to assess customers' creditworthiness, which makes it extremely effective for the client company to work with the Bank.

Credi Impresa Futuro has a widespread presence throughout Italy, with 28 branches employing over 180 professional staff responsible for managing trade relations and customer-related activities, ensuring an on-going relationship between the Bank and companies. For Credi Impresa Futuro, meeting customers promptly and directly at their premises is the norm, as are high in-house standards concerning the speed, effectiveness, transparency and directness of the relationship between the Bank and the customer. Although establishing a direct relationship is the best way for Credi Impresa Futuro to acquire new clients and know existing ones better, in order to engage with its customers, it maintains relations with selected qualified institutional counterparties, such as local banks and industry trade groups. In this way, it aims to provide customers/associates with a service that is as effective as possible.

The knowledge of the local area and customers, together with the business model based on factoring and mitigating the relevant credit risk, allow the Bank to maintain a relatively limited risk profile for its assets. In particular, the assets' quality is generally better than that normally resulting from banking operations involving small- and medium-sized enterprises, especially considering the current economic scenario, affected by a severe recession and six years characterised by financial distress and the credit crunch. This means that the Bank – in a year in which it continued to support Italian SMEs, increasing the number of loans granted – incurred losses on receivables, but those were nonetheless lower than before and did not prevent Banca IFIS from creating value in this specific and challenging sector. The Bank's business model and its different approach to credit risk allowed it to continue operating in favour of companies, even in the face of market conditions causing non-specialist banks to struggle in efficiently taking risks on small- and medium-sized enterprises.

Credi Impresa Futuro's solutions for credit problems

You are looking for enough liquidity to meet your short-term commitments, such as paying invoices

You export goods and services out of Italy and you want to protect yourself against non-payment by your customers

You have receivables due from the Italian Public Administration and you're vulnerable to unsustainable delays in payment

You work with solid companies and you want to widen your customer portfolio

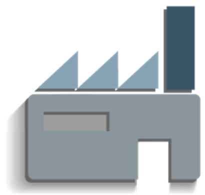
You are already insured against customer insolvency and you would like an advance on the receivables due to you

Banca IFIS International

Banca IFIS is one of the most active players in international factoring and stands out from the competition due to its direct presence in foreign markets, such as Poland, Romania, Hungary and, through an investee company, India, with around 30 professional staff dedicated to the Group's international business.

Banca IFIS International's strength lies in its ability to act not only as a reference in providing financing to businesses, but also as a consultant to those customers who intend to enter new markets or are looking for new operating solutions to propose to their counterparties. Thanks to its experience of the markets and the various industrial sectors, the Bank can effectively assist companies in seizing growth opportunities in all markets as well as locally serve Italian businesses with branches and subsidiaries in the countries where Banca Ifis operates directly or through its subsidiaries. This way, our customers can receive comprehensive support in making strategic investment to go global.

Requirements for the customer to access Banca IFIS International's services



Your customers are enterprises and not individuals

Your company is already supplying and invoicing the service or product you offer

In 2014, as in the previous year, several countries registered increased demand for indirect factoring integrated with maturity factoring. This allows the buyer to provide its foreign suppliers with the necessary financial support and to benefit from the extension of payments terms granted by the factor, which pays the supplier at maturity.

What specific needs Banca IFIS International meets

You import into Italy and are looking for a partner that can lend you the necessary support liquidity-wise

You export goods and services out of Italy and you want to protect yourself against non-payment by your customers and you are looking for support in managing and financing your receivables

Export Factoring is the product dedicated to Italian exporting companies and includes both recourse and non-recourse factoring. To offer the service most suited to the customer's needs, the Bank, depending on the type of operation proposed and the countries involved, can intervene directly or use the services of its correspondents.

Import Factoring is the service offered to foreign companies exporting to Italy. Also in the case of import, services can be offered directly to foreign companies or to FCI correspondents. In the first case, the three services – management, guarantee against the risk of default, and financing of receivables – are almost always present, while in the case of operations notified by correspondents, the focus is usually on management and guarantee against the risk of default. It is important to stress that the Bank has been structured in such a way as to be able to enter into a direct relationship with any foreign company, except for those operating in markets with impediments to the transfer of credit.

In the business segment of non-domestic operations, two foreign counterparties are involved: Generally, non-recourse factoring is preferred for this kind of service. Offering non-domestic operations requires extensive knowledge of the law of the countries involved, with particular reference to the conditions required to guarantee that the transfer of the receivable is valid, both for directly managed dealings and for those notified by FCI correspondents.

Banca IFIS International's solutions for credit problems

IMPROVEMENT IN YOUR BALANCE SHEET RATIOS

GUARANTEED RECEIVABLES

You can reduce the risk of non-payment by your international customers, with the expert advice of professionals

FINANCING

Obtain payment of your trade receivables in advance, in a much easier way

CONTINUOUS MONITORING OF YOUR CUSTOMERS

EFFICIENCY IN CASH FLOWS

Banca IFIS Pharma

Banca IFIS Pharma is the Banca IFIS Group's area dedicated to creating integrated management solutions for companies in the healthcare, pharmaceutical, diagnostic and service sectors wishing to factor receivables due from Italy's National Health Service.

Banca IFIS Pharma proposes “Ias Compliant” non-recourse factoring solutions which solve credit management problems and allow customers to hedge late payment risk.

Purchasing these receivables, as they are due from the Health Service, implies less exposure to the downgrade risk and returns in line with the Bank's standards.

Banca IFIS International's solutions for credit problems

GUARANTEED CASH FLOWS

REDUCTION IN WORKING CAPITAL

IMPROVEMENT IN YOUR BALANCE SHEET RATIOS

In 2014, the Pharma business area consolidated the excellent relations established in previous years, continuing to expand its customer base and addressing the trade finance needs of large pharmaceutical companies. In 2014, the payment of the national health service’s outstanding debts to companies accelerated; however, in spite of the measures taken by the Italian government, late payments from the Public Administration continue to severely affect industry players.

Distressed Retail Loans (DRL) Segment

Credi Famiglia and NPL Area

This is the Banca IFIS Group’s business area dedicated to non-recourse factoring of distressed retail loans. This business unit was born following Banca IFIS's acquisition in May 2011 of Toscana Finanza, which was subsequently merged into the company and turned into a division. Since then, a constantly evolving vision has been driving the area's development and the addition of new professional skills.

It is based in Florence and has people operating throughout Italy. It stands out for its ability to assess, acquire and manage important portfolios and to establish a remarkable database containing detailed information about over seven hundred thousand debtors.

Purchases from consumer lenders and banks focus on unsecured distressed retail loans due from individuals.

The business unit's highlights for the year just ended were:

- the acquisition of sizeable portfolios of unsecured retail loans on both the primary (i.e. directly from sellers) and secondary markets (i.e. from other buyers),
- the acquisition of stock portfolios (stocks of loans with different ages sold in bulk) as well as forward flow portfolios (with receivables sold monthly),
- the sale of performing settlement plans concerning debtors who were originally “non-paying” and then started paying with the help of Banca IFIS's NPL Area.

Today, the NPL area is one of Italy's leading debt buyers, mainly thanks to its superior operational expertise: it integrates different accounts receivable management methods with a unique ability to obtain more information and an unwavering drive to identify the payment solutions most suited to the specific type of debtors.

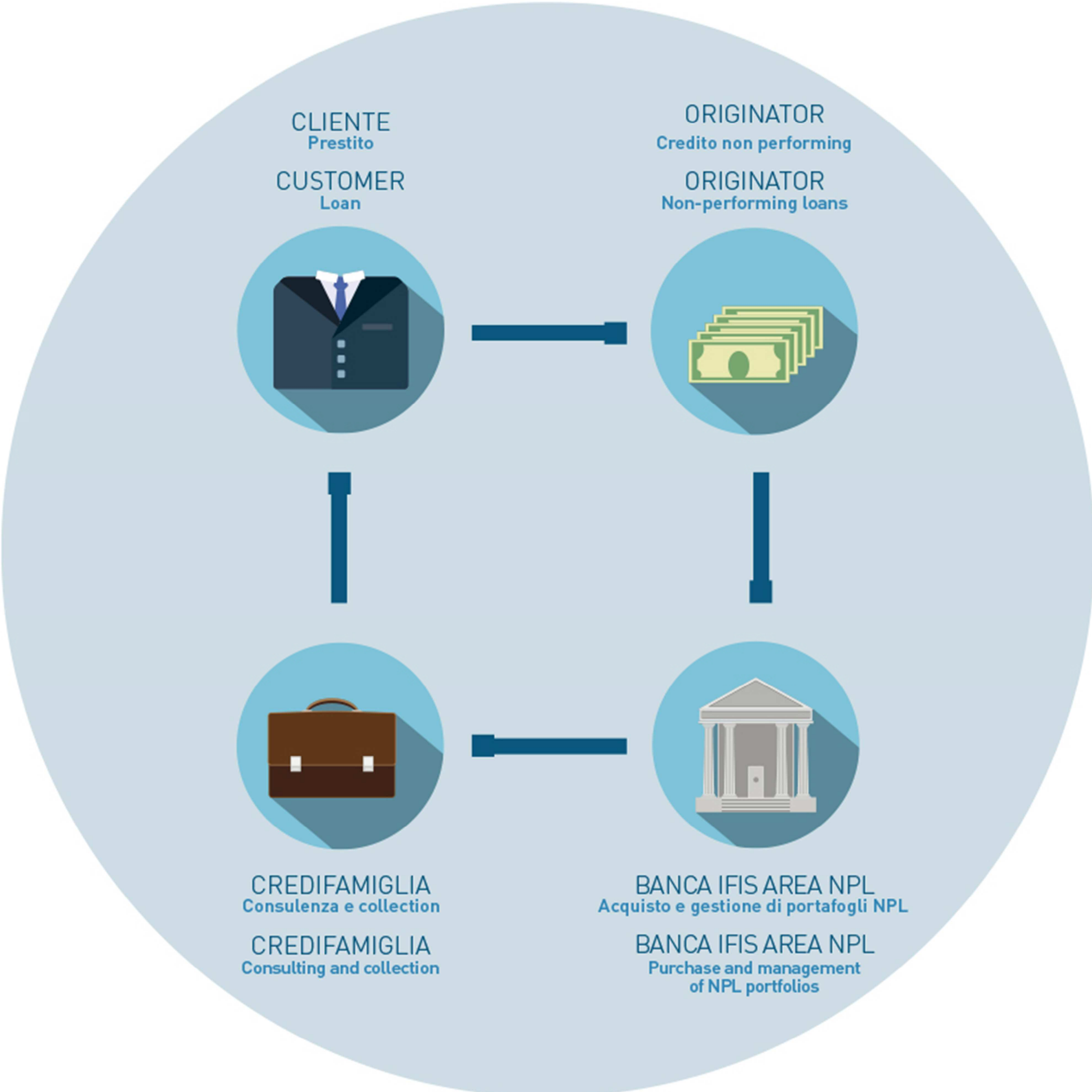
Its business model is based on the ability to purchase and manage distressed loans, increasing their value by focusing on the link between the bank and the debtor to safeguard the relation as well as the reputation of sellers.

Banca IFIS's NPL Area increasingly creates value for the Bank: over the last three years, net banking income saw steady double-digit growth.

A new brand, CrediFamiglia, was launched at the end of the first half of 2013. It represents an ethical and sustainable entity based on the principles of dialogue, transparency, and knowledge; a true community, which also operates through the internet; and a network of professional agents who, thanks to their extensive experience in the credit industry, can assist, provide advice, and listen to those who have a debt that they wish to honour and resolve.

Finally, in 2014, the Bank stepped up court-ordered debt collection efforts concerning debtors with the ability to pay their debts but that are not actually willing to do so.

Furthermore, during the year it set up a call centre to manage existing settlement plans and create new ones.



Tax receivables segment

Fast Finance

Fast Finance is the Banca IFIS Group's business area specialised in purchasing tax receivables, trade receivables and claims concerning insolvency proceedings; it offers to buy both accrued and accruing tax receivables on which repayment has already been requested or which shall be requested in the future, and that arose during insolvency proceedings or in prior years.

Based in Bologna, it is a leading provider of services for Insolvency Proceedings, with over 50% market share and a reputation for the quality and professionalism of its work. It was created in 2001 and has been part of the Banca IFIS Group since May 2011. During 2012 it merged into the Parent, becoming a specialist business area. Receivables are factored without recourse and without any cost for the seller, with Fast Finance taking responsibility for all costs regarding the valuation, transfer and management of the receivables, including those relating to the issue of any surety bond that may be requested as guarantee by the tax authorities before effecting the repayment.

The high level of technical know-how acquired thanks to its long experience in this sector enables Fast Finance to offer the Parties involved in Proceedings qualified assistance and the utmost efficiency in managing operations through a detailed analysis of every position, with particular attention to the type of taxation, the origination period, the amount, the possibility of collection, and the timeframe for the repayment.

Solutions offered by Fast Finance

SETTLEMENT AND IMMEDIATE FREEING-UP OF **RECEIVABLES**

RAPID CLOSURE OF PROCEDURE

NO DUTY FOR THE ASSIGNOR

DRAWING UP OF CONTRACTS IN A **NOTARY OFFICE** LOCATED IN THE SAME TOWN/CITY AS THE COURTHOUSE HAVING JURISDICTION

Fast Finance has eight Area Managers who work on a daily basis with the courts, offering qualified assistance to the Parties involved in Proceedings by detailing them on the operational aspects, as well as supporting the Professional in preparing the documentation and working with him to handle and resolve any problems which may arise in the preparatory stage.

People

The Group’s workforce

Banca IFIS continues to invest in human resources: the number of employees rose from 548 at the end of 2013 to 618 at 31 December 2014. 516 are on open-ended contracts, 62 on fixed-term contracts, 20 on apprenticeship contracts, and 20 are foreign employees. It should be noted that the Bank is committed to stabilising employment relationships, transferring over 80 employees to open-ended contracts in 2014.

This positive growth trend is related to the Bank’s constantly growing commercial presence, the consolidation of an organisational structure oriented to technological innovation, and also the need to support a market where risk management remains a priority.

The new positions were mainly in relationship management with client companies – the Bank's historical core business (sales account managers, credit management specialists, and credit analysts), in the support and management of Distressed Retail Loans (especially Analytical Management, but also Massive Management and Operating Services – especially the Call Centre – were bolstered), and technical support (organisational, IT and legal). The Non Performing Loans Area continues to hire Credit Consultants to strengthen its internal network of financial agents, which will be gradually implemented throughout 2015 and consist of 200 employees.

In 2015, the workforce is expected to grow double-digit once again, and the areas concerned will largely be the same as in 2014.

Recruitment, Training and Development

Recruitment is the Development Service's most resource-intensive activity. Looking for the most qualified and motivated candidates to join the various operating/business areas, in order to ensure the quantity and quality of staff is consistent with the Group's strategic and growth targets, is challenging. However, our managers are driven by the awareness that they are giving employment opportunities to skilled people mired in a stagnant job market.

Spontaneous applications received through our website as well as the various social networks, and especially LinkedIn, have now become the main recruitment channel, reflecting the Bank's innovative and technological approach.

The selection process for most job openings is conventional (CV screening, management interview, technical interview, etc.). For two specific positions – the Sales Account Manager and the Financial Agent/Credit Consultant – the bank implemented a massive recruitment process consistent with its innovative approach; candidates are invited to a “Web Streaming Open Day” hosted by the Communications Function, followed by Skype interviews and other recruitment stages aimed at screening for a set of important personal characteristics critical for the positions concerned.

During 2014, as in late 2013, the Group continued to recruit Credit Consultants through “Open Days” organised by the competent business functions. This recruiting process, focused on specific geographical areas, will be implemented also during the first half of 2015.

2014 saw several training initiatives and growth opportunities at Banca IFIS, with significant investments in people's development.

Specifically, during 2014 the Group offered important and targeted training opportunities; employees and managers received both technical/operational and management training.

Here below are the main training programmes carried out:

- Experienced Sales People: 5 two-day outdoor sessions organised by the Palo Alto School involving all Sales Account Managers;
- Ambrosetti Communications Course: two 2-day workshops on Communications and Negotiations for high-potential employees (35 participants);
- Ambrosetti Resource Management Course: three 2-day workshops on Coaching, Delegation and Team Management for Service Managers or potential future work team managers (37 participants);
- Soft Skills Training: 22 all-day training sessions on the development of management skills based on performance evaluation findings (150 participants);
- Financial Statement Analysis: 3 sessions involving 45 participants, mainly from the branches' Credit Management units.

As part of the investments and initiatives aimed at providing opportunities to grow to the Group's young employees, in the fourth quarter of 2014 12 deserving young staff members were enrolled in external Master programmes in “legal banking” and “management planning and control”.

Here below are the main recurring training programmes:

- Giovani Leoni (Young Lions): a programme aimed at training and developing the technical/operational/commercial skills of 8 new sales account managers at Banca IFIS; it lasts six weeks and is taught by in-house and external teachers;
- English: the Bank continued to provide English language courses to employees divided according to language proficiency tests. **101 participants attended the courses (involving also 1-1 sessions with managers)**; in 2014 the initiative was extended to the office in Florence, **adding a further 63 participants**;
- NPL Academy: technical/behavioural training for prospective agents/Credit Consultants; 7 editions were held, each lasting 2 days;
- Anti-money laundering: refresher courses and regulatory comparisons;
- Security and safety: courses for new hires, refresher courses for all staff, and specific courses for security and safety officers.

As for human resource management, two important changes were introduced in 2014:

- The Bank implemented the new "Performanagement" evaluation system, a tool that will increase employees' awareness of their role.
- In the fourth quarter, it launched the "New-Hire Mentoring" project, aimed at helping new employees joining Banca Ifis by planning a shared training programme involving periodic monitoring throughout their first year at the company.

Organisation and technologies

The control over the development of the Group's organisation, with reference to organisational structures, size and processes, is guaranteed by the Organisation and Information Systems Area.

In 2014, Banca IFIS continued in its growth and renewal efforts that have characterised the last few years, also by planning, launching and implementing several initiatives.

The projects launched in 2014 were driven by both the goal of aligning the Bank's governance and organisation to the new regulatory framework[1] and the need to implement the strategy outlined in the Group's business plan.

In this sense, the Bank continued to enhance its organisational structure as far as both the business areas and the strengthening of risk control and management units are concerned.

In 2014, Banca IFIS's initiatives focused on the following areas:

1. for the Bank's traditional business, concerning lending to SMEs:
    - the verticalisation of products, allowing to acquire specific customer segments, customising specific operating processes where necessary;
    - the development of the Internet channel, maintaining a continued presence to acquire new customers;

[1] The 15th update to the Bank of Italy's Circular no. 263/06 introduces important changes concerning the Internal Audit System (Chapter 7), the IT System (Chapter 8) and Business Continuity (Chapter 9).

- the development of specific litigation support software to better monitor impaired positions;
- the development of an electronic invoicing service to help customers in dealing with Italy's Public Administration in light of new regulations;
- the reorganisation of the credit monitoring function to improve the quality of the portfolio, both in terms of preventing – based on a series of warning indicators – and managing risks concerning customer/debtor/guarantor positions that show signs of impairment;

2. for the Area specialising in the acquisition of non-performing loan portfolios:
   - the implementation of measures targeted at optimising production and control processes;
   - the introduction of diversified collection approaches aimed at turning debtors into "customers";
   - the introduction of improved procedures and new capabilities enhancing existing software solutions, also in terms of equipment provided to debt collection agents and companies (tablets with specific applications directly accessing the Bank's database);
   - the consolidation of the debt collection network;
   - the development of a segregated environment for accessing information about distressed portfolios held by potential sellers, in order to optimise risk analysis processes concerning non-performing portfolios being considered for an acquisition;
   - the development of software updates to support portfolio sales operations (accounting, warning, etc.);
3. for the retail funding Area, the Bank took actions aimed at consolidating the rendimax and contomax products;
4. concerning Risk & Compliance:
   - the definition of the rules for the Risk Management Function;
   - the definition of the rules for the Compliance and Anti-Money Laundering Function;
   - the definition of the Group's Policy for assessing capital adequacy;
   - the definition of the Risk Appetite Framework pursuant to new Bank of Italy's regulations;
   - the definition of management processes for the major risks assumed by the Bank, especially credit risk, banking book interest rate risk, concentration risk, and operational risk. Furthermore, the Bank outlined the development and validation process it will adopt for the internal rating system. For this purpose, the Organisation and Information Systems Area, with operational assistance from the Risk Management Function, defined the Group's relevant policies;
   - the progress on the implementation of the SAS system for the purpose of risk management;
   - the establishment of criteria for identifying significant transactions;
5. as for ICT governance, compliance and risk management, the main initiatives concerned:
   - the preparation of the Group's Policy for defining the ICT and technology strategic plan. This document outlines the process (and assigns roles and responsibilities to the organisational units involved) the Bank uses to plan its own ICT strategy, with initiatives ranging from the assessment of business goals (promoting a feedback loop with the general strategic planning process) to the definition of prospective architectural and infrastructural design as well as the planning and monitoring of the relevant enabling projects;

- the preparation of the Group's Policy for information security risk assessment and management. This documents outlines the information security risk governance and management process as well as how the Bank intends to assess it pursuant to regulatory provisions;
- the preparation of the Group's Policy for IT Security management;
- the outlining of procedures concerning change management as well as IT security accidents;
- the definition of the data governance system;

6. as for infrastructural issues and cross-functional applications:
   - the compliance with Business Continuity requirements (through off-site data centres);
   - the updating of operational and IT procedures to comply with the EBA's disclosure requirements (FinRep and Corep);
   - the development of a privacy assessment process to obtain awareness of potential privacy breach risks and then implement adequate organisational and IT measures to prevent them;
   - the deployment of ERP software solutions required to comply with the “Provisions Concerning Data Sharing and Tracking of Transactions in the Banking Sector”;
   - the development of the Group's Intranet (IFIS 4 YOU), providing all employees with a single workstation displaying key information on the Bank's operations in a way similar to social networks;
   - the development of a dedicated tool for monitoring transactions with customers to identify any anomalies suggesting money laundering or terrorist financing activities are being or have been carried out or attempted;
   - the development of new claims management software, completely integrated with the Bank's technological platform, to increase the awareness of the staff responsible for managing customers' claims in order to constantly improve the relationship with the customer.

The Bank revised the main internal regulations and procedures in light of the above changes.

As every year, outsourcing agreements were revised and updated in order to bring them in line with changes in operations; where necessary, also the key performance indicators (KPIs) for the services supplied were improved.

The Bank also updated its Security Policy Document.

During the year, the organisational structure of the ICT division was strengthened even further, in order to bring it into line with business developments.

Finally, Business Continuity and Disaster Recovery of the Bank’s ERP systems underwent the standard architectural and applicative tests during 2014. The tests were carried out in the presence of the Internal Audit function.

Risk Management

2014 saw outstanding progress on new initiatives aimed at enhancing the Bank's internal management processes.

The Bank consolidated some initiatives launched in the second half of 2013 concerning the introduction of new technological tools in use at the Risk Management function, which allow to manage and analyse databases in an easier and more integrated manner. Specifically, the Risk Management implemented SAS technology.

As for credit risk, concerning the trade receivables segment, a new internal rating model for assessing counterparty risk related to Italian businesses was developed.

The model consists in:

- a "financial statement" module, to assess the company's operating/financial soundness;
- a "central credit register" module, presenting the evolution of counterparty risk concerning the banking industry;
- two "internal performance" modules, monitoring signs of deterioration in the relationship between the counterparty and the Bank consistently with the business model of providing working capital financing, based on whether the counterparty is a seller or a debtor;
- a qualitative questionnaire intended to obtain "soft" information that the above modules cannot provide.

This model is currently being rolled out on the Bank's proprietary IT platform and will be implemented in operational processes during 2015.

As for non-performing loans managed by the DRL business area as well as tax receivables, the Bank enhanced the monitoring and control process concerning the portfolio's collection risk, thanks to technological solutions allowing to easily manage large data sets and through a new specific reporting process. It also assesses from time to time the performance of the credit assessment model.

As for operational risks, the Bank defined the relevant management and governance framework: although it calculates capital requirements using the basic indicator approach, it also implements a robust Loss Data Collection process – including throughout its network and at the Polish subsidiary – and periodically conducts Risk Self Assessments.

As for liquidity and interest rate risks, for which the Bank already has a monitoring policy in place, some changes were introduced to the risk control system to bolster it even further. Furthermore, as Basel 3 indicators became effective, the Bank implemented the method for calculating the LCR and NSFR liquidity ratios.

Concerning the information security risk, the Bank's management and relevant business functions defined the method for assessing it, which was first applied to high-priority IT services.

In addition, 2014 saw the Risk Management Function involved in a broad set of activities aimed at ensuring regulatory compliance: among other things, they concerned the definition of a Risk Appetite Framework and the implementation of procedures for identifying and assessing Significant Transactions, as well as a comprehensive review of risk governance and management policies.

Finally, the Function strengthened its staff by adding new and dynamic professionals, and continues to do so consistently with the Group's strategic development goals.

Funding

In 2014, the Italian banking industry's retail funding, mainly consisting of domestic deposits and bonds, fell overall, especially as a result of the negative trend in medium- and long-term funding. In November 2014, total funding amounted to 1.709 billion Euro, down 1,46% from November 2013 and 1,2% from the end of last year.

In 2014, Banca IFIS continued to access collateralised interbank loans through repurchase agreements, relying on a significant pool of Italian government bonds accepted as collateral by other lenders or, as a last resort, on the Eurosystem, thanks to the liquidity provided by the ECB.

During the year, the Bank disposed of a portfolio of assets previously used for refinancing operations with the Eurosystem by issuing and repurchasing 138 million Euro in bonds that the Italian Government had guaranteed for a three-year period and 69 million Euro in bonds the Government had guaranteed for a five-year period, paying 1,03% in fees. The reason was that the bond issuances could no longer be used for refinancing purposes; furthermore, their cost was relatively high.

In February 2012, Banca IFIS received a three-year 500 million Euro loan at a 0,25% rate (ECB's key interest rate) as part of the second tranche of the LTRO programme, which is yet to be reimbursed. The Bank participated in the ECB's second TLTRO (Targeted Long Term Refinancing Operation) auction, borrowing 119 million Euro in December for 4 years at a fixed 0,15% rate.

Funding never showed signs of stress and securities trading generated positive results in terms of profitability, helping to ease retail funding costs. These are traditionally higher on the online market, where the volatility of deposits not sufficiently remunerative for customers may represent a risk.

rendimax

Free

Return

Total freedom

Security

rendimax

rendimax is Banca IFIS's high-yield online savings account aimed at private investors, companies and insolvency proceedings.

It was created in July 2008, and at the end of 2014 there were 80 thousand rendimax accounts with funding exceeding 3,2 billion Euro.

The decrease in deposits held at the bank is the intended result of a series of actions taken to reduce the cost of funding consistently with market trends, also in light of the excess liquidity and the availability of abundant alternative sources of funding.

The rendimax product still bears the hallmarks that have characterised it from the outset: the attention to the customer, the simplicity of the product, and the transparency and excellent quality of the dedicated service. Customers can still choose from a wide range of diverse offerings: call deposits, fixed-term deposits with interest paid in advance ("First option") or in quarterly arrears ("Top option"), or rendimax like, a call deposit with cash amounts available 33 days after the request. Here are some other characteristics of rendimax: exclusively online account opening and management, security (also due to the guarantee of the Interbank Deposit Protection Fund) and zero costs. In addition to the total exemption from setting-up and management fees, the stamp duty is paid by the Bank, and therefore the customer faces no such cost. The rendimax savings account also offers several maturity options for fixed-term deposits, from one to 24 months.

Rendimax savers can use the exclusive rendimax debit card (which runs on the Bancomat/Pagobancomat and Cirrus/Maestro services).

contomax

On 7 January 2013, Banca IFIS officially launched contomax, its crowd current account born from the dialogue with the Web. The account can be opened by visiting www.contomax.it

To date, there are approximately 2000 active accounts.

The main services available are: advanced Bancomat (debit card that can also be used for on-line purchases through the Maestro service); payment of utility bills and Telepass motorway tolls, the transfer of funds from one account to another and, in addition, mobile phone top-ups.

The account also guarantees high returns thanks to a series of interest rate solutions for the amounts deposited.

This account has no opening or management fees and the stamp duty is paid by the Bank.

ADVANTAGES AND SERVICES

Zero costs to open and close the account

- No management costs
- Advanced payment card without fees
- Unlimited POS and on-line payments
- First bank transfer of the month is free
- Pay the stamp duty for 2015 too (€34,30 and 0,20%, where due, for the first of your current accounts)
- Maximum security with three different access codes and protection of deposits thanks to the FITD guarantee

Investments in securities

Securities trading led to the creation of a very significant portfolio by the end of 2013. In 2014, in light of the trend in the rates of return, the Bank did not make further purchases; it focused instead on managing the cash flows generated as the portfolio reached maturity, as well as on optimising their refinancing. As usual, Banca IFIS did not trade in financial instruments.

The portfolio consists of Italian securities, virtually all government bonds (99,7%), of which most are at an indexed rate (70,1%); the average return is remarkably positive relative to refinancing costs. At the end of the year, the portfolio amounted to 5,1 billion Euro, including 2,2 billion Euro (44,1%) with maturity in 2015, 0,8 billion Euro (14,8%) in 2016, and the remainder (41,1%) between 2017 and 2018. Most of the securities (4,8 billion Euro, i.e. 95,3%) are classified as Held to Maturity.

Results and Strategy

Comment by the CEO

Amid a flurry of changes for Banca IFIS at such a challenging time, 2014 was a record year that saw strong growth. Key indicators are steadily improving, consistently with our intention to provide as much resources as possible to the economy.

While always ensuring sustainable growth, the Bank managed to increase its support to a rising number of companies and households, effectively using its capital position, liquidity, and ability to offer solutions. This achievement came against a deeply negative backdrop; in spite of a restrictive regulatory environment; and amid a radical overhaul of our operations, with the goal of making our growth more stable and consistent in the coming years.

The Bank increased its lending as it improved a credit quality that was already remarkably good to begin with, confirming the soundness of its approach. An achievement all the more important considering that in general Italian banks are struggling to both expand their support to businesses and households as well as keeping impaired and bad loans in check.

The data concerning Banca IFIS's **credit quality** as far as lending to businesses is concerned point to an outstanding performance: net bad loans accounted for just over 1% of trade receivables, with the proportion halving once again year-on-year; the bad loan coverage ratio reached a staggering 86,4%, outperforming the banking industry; total impaired loans amounted to less than 30% of equity, another unique achievement. These results, made possible thanks to the ability of promoting healthy lending and optimally managing distressed situations, show a bank that was able to weather the storm, quickly mend the damage by changing and innovating, and promptly resume its course.

We are **growing rapidly**: lending to businesses soared 26,7%, with the Bank improving its quality and profitability; in the segment of impaired loans from other originators, Banca IFIS brought the number of loans under management to over 775 thousand, with an overall par value of 5,6 billion Euro and an average book value slightly above 2%; in the tax receivables segment, it confirmed its leadership in the domestic market, with lending and profitability rising further. Therefore, throughout 2014 the Bank posted record volume growth in all segments where it operates as a lender.

These staggering volumes did not come at the expense of margins: all segments still present strong rates of return on loans (which are short-term in the case of businesses, and medium- or long-term when purchasing impaired loans or tax receivables). Rising volumes and margins show that the Bank's offering is appreciated by the markets it operates in, which is a necessary condition to continue performing well over time while supporting the surrounding economic environment.

Profitability was still affected – although to a gradually decreasing extent – by the **margins on the government bond portfolio.** By stopping purchases in late 2013 due to the narrowing of margins on new securities, the Bank ended up with a massive but rapidly shrinking portfolio: during 2014 alone, its book value fell from 8,4 to 5,1 billion Euro, and it is expected to contract further over the next four years until it is completely disposed of, absent new purchases which currently cannot be anticipated. A major focus was managing the portfolio's refinancing costs, and the Bank successfully curbed financial expenses. Towards the end of the year, it was able to refinance the government bonds posted as collateral at fractionally negative interest rates.

Another highlight in 2014 was the **falling cost of funding**. Collateralised interbank lending rates dropped to zero, and there was a dramatic reduction also in the returns on retail deposits, lowering the cost of money for the Bank. The average cost of retail funding raised through **rendimax** and **contomax** fell in just one year by 1,08%. Volumes were moderately down, and this was intended (with customers weighing risks against returns), but they still largely exceeded loans to businesses and households.

In the Bank's vision, the gradually **diminishing return on the government bond portfolio** was and will continue to be **offset** first by the **falling cost of funding**, and then by the steadily growing margins in all segments that see the Bank supporting the economy. In this sense, **the rising business lending volumes** were and will be key – a result made possible thanks to the Bank's current and future level of equity, raising capital through retained earnings. Another factor was the improved credit quality, with **the cost of risk falling** to 145 basis points in 2014 and expected to shrink further, especially in the event the economy does not deteriorate further. The Bank also has high expectations concerning the medium-term outlook for impaired loans from other originators. In 2014, this segment further refined its operational processes. It will take time for the result to show up on the bottom line due to the length of the portfolio's management cycle, but we expect cash flows to significantly improve over time, making an increasing contribution to the Bank's volumes and margins.

This is the backdrop against which Banca IFIS managed to achieve the results reported in this document. Let us stress that shareholders will see a 23,5% return on invested capital, in line with expectations, and that profitability never came in below 20% over the last 3 years.

We deeply believe that there cannot be such a thing as a bank operating without considering the situation it acts on. We believe that banking means striking a balance between the interests of the people who use the bank’s services and the ambition to achieve the right level of remuneration. A bank which merely profits from a system that reluctantly allows it to do so, just as a bank which fails to keep its business on track when faced with adverse market conditions, are, for different reasons, doomed to fail. Our work is inspired by the principle of bringing objective improvements to all stakeholders. We are determined to continue making an impact on the real economy. We know we play an important role and have the responsibility to do so to the best of our ability, in the interest of our customers, our shareholders, our people, and all those who work alongside us.

Report on the Group's preliminary results

Highlights

KEY DATA ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2014	31.12.2013	ABSOLUTE	%
Available for sale financial assets	243.325	2.529.179	(2.285.854)	(90,4)%
Held to maturity financial assets	4.827.363	5.818.019	(990.656)	(17,0)%
Loans to customers	2.814.330	2.296.933	517.397	22,5%
Total assets	8.309.294	11.337.797	(3.028.503)	(26,7)%
Due to banks	2.258.967	6.665.847	(4.406.880)	(66,1)%
Due to customers	5.483.474	4.178.276	1.305.198	31,2%
Consolidated equity	437.850	380.323	57.527	15,1%

KEY DATA ON THE CONSOLIDATED INCOME STATEMENT (in thousands of Euro)	YEAR		CHANGE	
	2014	2013	ABSOLUTE	%
Net banking income	**280.930**	**264.196**	**16.734**	**6,3%**
Net value adjustments on receivables and other financial assets	(31.299)	(44.587)	13.288	(29,8)%
Net profit from financial activities	**249.631**	**219.609**	**30.022**	**13,7%**
Operating costs	(104.688)	(76.348)	(28.340)	37,1%
Pre-tax profit from continuing operations	144.943	143.261	1.682	1,2%
Group net profit for the year	**95.876**	**84.841**	**11.035**	**13,0%**

QUARTERLY KEY DATA ON THE CONSOLIDATED INCOME STATEMENT (in thousands of Euro)	4th QUARTER		CHANGE	
	2014	2013	ABSOLUTE	%
Net banking income	**70.164**	**70.057**	**107**	**0,2%**
Net value adjustments on receivables and other financial assets	(1.645)	(10.023)	8.378	(83,6)%
Net profit from financial activities	**68.519**	**60.034**	**8.485**	**14,1%**
Operating costs	(35.003)	(21.396)	(13.607)	63,6%
Pre-tax profit from continuing operations	33.516	38.638	(5.122)	(13,3)%
Group net profit for the year	**21.688**	**17.731**	**3.957**	**22,3%**

Group KPI

GROUP KPIs (1)	YEAR		CHANGE
	2014	2013	%
ROE	23,5%	24,8%	(1,3)%
ROA	1,7%	1,3%	0,4%
ROCA	1,3%	0,6%	0,7%
Cost/Income ratio	37,3%	28,9%	8,4%
Cost of credit quality	1,5%	2,4%	(0,9)%
Net bad loans trade receivables/Trade receivables loans to customers	1,3%	2,6%	(1,3)%
Net bad loans trade receivables/Equity	7,5%	13,4%	(5,9)%
Coverage ratio on gross bad loans trade receivables	86,4%	78,4%	8,0%
Net trade receivables impaired loans/Trade receivables loans to customers	4,6%	8,4%	(3,8)%
Net trade receivables impaired loans /Equity	25,7%	42,8%	(17,1)%
Total own funds Capital Ratio (2)	14,21%	13,50%	0,71%
Common Equity Tier 1 Ratio (2)	13,88%	13,68%	0,20%
Number of shares outstanding at period end(3) (in thousands)	52.924	52.728	196
Book per share	8,27	7,21	1,06
EPS	1,81	1,61	0,20

(1) For the definition of the KPIs in the table, please see the consolidated annual report glossary.
(2) The new set of harmonised regulations for banks and investment firms included in EU Regulation no. 575/2013 (CRR) and in Directive 2013/36/EU (CRD IV) is applicable as from 1 January 2014. See the Impact of regulatory changes. Data for periods up until 31 December 2013 were recognised according to previous regulations (Basel 2). The Solvency ratio and the Core Tier 1 have been recognised under Total Equity Ratio and Common Equity Tier 1 Ratio, respectively.
(3) Outstanding shares are net of treasury shares held in the portfolio.

Results by business segments

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Available for sale financial assets					
Figures at 31.12.2014	-	-	-	243.325	243.325
Figures at 31.12.2013	-	-	-	2.529.179	2.529.179
Change %	-	-	-	(90,4)%	(90,4)%
Held to maturity financial assets					
Figures at 31.12.2014	-	-	-	4.827.363	4.827.363
Figures at 31.12.2013	-	-	-	5.818.019	5.818.019
Change %	-	-	-	(17,0)%	(17,0)%
Due from banks					
Figures at 31.12.2014	-	-	-	274.858	274.858
Figures at 31.12.2013	-	-	-	415.817	415.817
Change %	-	-	-	(33,9)%	(33,9)%
Loans to customers					
Figures at 31.12.2014	2.455.052	135.429	119.473	104.376	2.814.330
Figures at 31.12.2013	1.938.415	127.945	90.282	140.291	2.296.933
Change %	26,7%	5,8%	32,3%	(25,6)%	22,5%
Due to banks					
Figures at 31.12.2014	-	-	-	2.258.967	2.258.967
Figures at 31.12.2013	-	-	-	6.665.847	6.665.847
Change %	-	-	-	(66,1)%	(66,1)%
Due to customers					
Figures at 31.12.2014	-	-	-	5.483.474	5.483.474
Figures at 31.12.2013	-	-	-	4.178.276	4.178.276
Change %	-	-	-	31,2%	31,2%

INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Figures at 31.12.2014	155.561	30.038	11.003	84.328	280.930
Figures at 31.12.2013	129.702	24.374	9.287	100.833	264.196
Change %	19,9%	23,2%	18,5%	(16,4)%	6,3%
Net profit from financial activities					
Figures at 31.12.2014	122.555	31.479	11.269	84.328	249.631
Figures at 31.12.2013	81.319	27.826	9.690	100.774	219.609
Change %	50,7%	13,1%	16,3%	(16,3)%	13,7%

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Fourth quarter 2014	39.522	10.005	2.871	17.766	70.164
Fourth quarter 2013	*39.008*	*4.982*	*1.702*	*24.365*	70.057
Change %	*1,3%*	*100,8%*	*68,7%*	*(27,1)%*	*0,2%*
Net profit from financial activities					
Fourth quarter 2014	36.534	11.202	3.017	17.766	68.519
Fourth quarter 2013	*27.150*	*6.826*	*1.693*	*24.365*	60.034
Change %	*34,6%*	*64,1%*	*78,2%*	*(27,1)%*	*14,1%*

SECTOR KPIs (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover (1)				
Figures at 31.12.2014	8.312.798	n.a.	n.a.	n.a.
Figures at 31.12.2013	*5.701.892*	*n.a.*	*n.a.*	*n.a.*
Change %	*45,8%*	-	-	-
Nominal amount of receivables managed				
Figures at 31.12.2014	3.101.058	5.630.151	167.834	n.a.
Figures at 31.12.2013	*2.577.820*	*3.911.852*	*140.160*	*n.a.*
Change %	*20,3%*	*43,9%*	*19,7%*	-
Net bad loans/Loans to customers				
Figures at 31.12.2014	*1,3%*	*51,8%*	*0,0%*	n.a.
Figures at 31.12.2013	*2,6%*	*52,0%*	*0,6%*	*n.a.*
Change %	*(1,3)%*	*(0,2)%*	*(0,6)%*	-
RWA (2)				
Figures at 31.12.2014	*1.802.978*	*135.426*	*37.595*	*187.560*
Figures at 31.12.2013	*1.561.355*	*127.945*	*33.292*	*227.883*
Change %	*15,5%*	*5,8%*	*12,9%*	*(17,7)%*

(1) Gross flow of the receivables sold by the customers in a specific period of time.
(2) Risk Weighted Assets; the amount refers exclusively to the financial items reported in the segments.

Quarterly Evolution

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2014				YEAR 2013			
	31.12	30.09	30.06	31.03	31.12	30.09	30.06	31.03
ASSETS								
Available for sale financial assets	243.325	414.768	1.302.425	2.287.950	2.529.179	2.531.765	2.868.958	2.763.805
Held to maturity financial assets	4.827.363	5.094.994	5.071.312	5.329.414	5.818.019	4.459.285	4.856.179	4.710.582
Due from banks	274.858	294.844	351.349	432.855	415.817	391.187	481.609	479.119
Loans to customers	2.814.330	2.588.009	2.538.371	2.339.663	2.296.933	2.223.142	2.239.693	2.177.379
Property, plant and equipment	50.682	50.865	50.798	41.129	40.739	40.337	39.889	39.829
Intangible assets	6.556	6.724	6.776	6.482	6.361	6.323	5.921	5.671
Other assets	92.180	69.018	98.851	77.976	230.749	182.394	170.846	157.556
Total assets	**8.309.294**	**8.519.222**	**9.419.882**	**10.515.469**	**11.337.797**	**9.834.433**	**10.663.095**	**10.333.941**

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2014				YEAR 2013			
	31.12	30.09	30.06	31.03	31.12	30.09	30.06	31.03
LIABILITIES AND EQUITY								
Due to banks	2.258.967	632.553	1.979.493	618.132	6.665.847	527.961	601.058	600.956
Due to customers	5.483.474	7.317.589	6.910.171	9.341.959	4.178.276	8.837.029	9.604.606	9.291.659
Post-employment benefits	1.618	1.525	1.537	1.477	1.482	1.497	1.523	1.561
Tax liabilities	14.338	13.764	13.321	19.099	17.362	23.330	18.339	25.408
Other liabilities	113.047	135.495	117.433	129.409	94.507	86.752	106.318	82.044
Equity:	437.850	418.296	397.927	405.393	380.323	357.864	331.251	332.313
- Share capital, share premiums and reserves	*341.974*	*344.108*	*347.872*	*380.717*	*295.482*	*290.754*	*287.211*	*309.859*
- Profit for the period	*95.876*	*74.188*	*50.055*	*24.676*	*84.841*	*67.110*	*44.040*	*22.454*
Total liabilities and equity	**8.309.294**	**8.519.222**	**9.419.882**	**10.515.469**	**11.337.797**	**9.834.433**	**10.663.095**	**10.333.941**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2014				YEAR 2013 (1)			
	4th Q.	3rd Q.	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net interest income	**51.682**	**53.167**	**58.723**	**54.892**	**55.756**	**48.112**	**50.553**	**52.323**
Net commission income	**14.770**	**14.593**	**14.865**	**14.124**	**14.397**	**13.991**	**14.286**	**14.490**
Dividends and similar income					-	1	83	-
Net result from trading	131	16	50	105	(96)	282	(42)	49
Profit (loss) from sale or buyback of:	3.581	-	-	231	-	11	-	-
Receivables	3.581	-	-	-	-	-	-	-
Available for sale financial assets	-	-	-	231	-	-	-	-
Net banking income	**70.164**	**67.776**	**73.638**	**69.352**	**70.057**	**62.397**	**64.880**	**66.862**
Net value adjustments/revaluations due to impairment of:	(1.645)	(8.486)	(12.786)	(8.382)	(10.023)	(8.252)	(12.596)	(13.716)
Receivables	(1.645)	(8.486)	(12.786)	(8.382)	(10.023)	(8.240)	(12.549)	(13.716)
Available for sale financial assets	-	-	-	-	-	(12)	(47)	-
Net profit from financial activities	**68.519**	**59.290**	**60.852**	**60.970**	**60.034**	**54.145**	**52.284**	**53.146**
Personnel expenses	(11.025)	(10.310)	(10.884)	(10.334)	(9.858)	(9.179)	(9.254)	(8.803)
Other administrative expenses	(24.009)	(11.977)	(11.902)	(11.431)	(11.023)	(8.946)	(9.935)	(9.118)
Net allocations to provisions for risks and charges	489	(463)	79	(1.718)	(202)	(13)	-	-
Net value adjustments to property, plant and equipment and intangible assets	(866)	(833)	(792)	(748)	(932)	(575)	(814)	(683)
Other operating income (expenses)	408	538	141	949	619	813	669	886
Operating costs	**(35.003)**	**(23.045)**	**(23.358)**	**(23.282)**	**(21.396)**	**(17.900)**	**(19.334)**	**(17.718)**
Pre-tax profit from continuing operations	**33.516**	**36.245**	**37.494**	**37.688**	**38.638**	**36.245**	**32.950**	**35.428**
Income tax expense for the year	(11.828)	(12.112)	(12.115)	(13.012)	(20.907)	(13.175)	(11.364)	(12.974)
Profit for the year	**21.688**	**24.133**	**25.379**	**24.676**	**17.731**	**23.070**	**21.586**	**22.454**

INCOME STATEMENT DATA BY SEGMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2014				YEAR 2013			
	4th Q.	3rd Q.	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net banking income	**70.164**	**67.776**	**73.638**	**69.352**	**70.057**	**62.397**	**64.880**	**66.862**
Trade receivables	*39.522*	*37.421*	*41.152*	*37.466*	*39.008*	*33.314*	*28.698*	*28.682*
Distressed retail loans	*10.005*	*7.069*	*6.362*	*6.602*	*4.982*	*4.541*	*7.454*	*7.397*
Tax receivables	*2.871*	*3.765*	*2.203*	*2.164*	*1.702*	*2.067*	*2.369*	*3.149*
Governance and services	*17.766*	*19.521*	*23.921*	*23.120*	*24.365*	*22.475*	*26.359*	*27.634*
Net profit from financial activities	**68.519**	**59.290**	**60.852**	**60.970**	**60.034**	**54.145**	**52.284**	**53.146**
Trade receivables	*36.534*	*29.850*	*27.824*	*28.347*	*27.150*	*24.333*	*14.396*	*15.440*
Distressed retail loans	*11.202*	*5.959*	*7.077*	*7.241*	*6.826*	*5.255*	*9.127*	*6.618*
Tax receivables	*3.017*	*3.960*	*2.030*	*2.262*	*1.693*	*2.094*	*2.449*	*3.454*
Governance and services	*17.766*	*19.521*	*23.921*	*23.120*	*24.365*	*22.463*	*26.312*	*27.634*

Group historical data

The following table shows the main indicators and performances recorded by the Group during the last 5 years.

GROUP HISTORICAL DATA (in thousands of Euro)	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Available for sale financial assets	243.325	2.529.179	1.974.591	1.685.163	818.507
Held to maturity financial assets	4.827.363	5.818.019	3.120.428	-	-
Loans to customers	2.814.330	2.296.933	2.292.314	1.722.481	1.571.592
Due to banks	2.258.967	6.665.847	557.323	2.001.734	752.457
Due to customers	5.483.474	4.178.276	7.119.008	1.657.224	1.802.011
Equity	437.850	380.323	309.017	196.282	206.613
Net banking income	280.930	264.196	244.917	121.453	94.430
Net profit from financial activities	249.631	219.609	191.166	89.310	69.986
Group net profit	95.876	84.841	78.076	26.535	18.626
KPI (1):					
ROE	23,5%	24,8%	29,9%	12,6%	10,9%
ROA	1,7%	1,3%	1,5%	1,1%	1,1%
ROCA	1,3%	0,6%	1,0%	1,1%	1,1%
Cost/Income ratio	37,3%	28,9%	27,9%	39,1%	42,5%
Cost of credit quality	1,5%	2,4%	3,0%	1,9%	1,9%
Net bad loans trade receivables/ Trade receivables loans to customers	1,3%	2,6%	4,3%	4,3%	2,4%
Net bad loans trade receivables/Equity	7,5%	13,4%	24,8%	33,7%	18,6%
Coverage ratio on gross bad loans trade receivables	86,4%	78,4%	61,6%	58,9%	63,6%
Net trade receivables impaired loans/ Trade receivables loans to customers	4,6%	8,4%	18,9%	11,5%	14,1%
Net trade receivables impaired loans /Equity	25,7%	42,8%	107,9%	96,6%	106,8%
Total own funds Capital Ratio (2)	14,2%	13,5%	12,7%	10,8%	11,3%
Common Equity Tier 1 Ratio (2)	13,9%	13,7%	12,9%	11,2%	11,5%
Number of share outstanding (3) (in thousands)	52.924	52.728	53.551	52.814	51.582
Book per share	8,27	7,21	5,77	3,72	4,01
EPS	1,81	1,61	1,46	0,51	0,36

(1) For the definition of the KPIs in the table, please see the consolidated annual report glossary.
(2) The new set of harmonised regulations for banks and investment firms included in EU Regulation no. 575/2013 (CRR) and in Directive 2013/36/EU (CRD IV) is applicable as from 1 January 2014. See the Impact of regulatory changes. Data for periods up until 31 December 2013 were recognised according to previous regulations (Basel 2). The Solvency ratio and the Core Tier 1 have been recognised under Total Equity Ratio and Common Equity Tier 1 Ratio, respectively.
(3) Outstanding shares are net of treasury shares held in the portfolio.

Context

The global economic crisis that started in 2007 is evolving rapidly, with some industrialised countries apparently leaving it behind. Elsewhere, and especially in Europe, the situation is still rather complicated.

The US and Japan focused on monetary policy, with varying results in boosting GDP and reducing unemployment, although there are some concerns and doubts over the quality of the measures implemented.

International institutions lowered global growth forecasts during the year, also in light of lingering geopolitical tensions in Ukraine and the Middle East and, more generally, the falling oil price.

World economic growth was sluggish, held back by an all but stagnant Europe and the performance of emerging countries, still below pre-crisis levels (China and India) or outright distressed (Russia and Brazil).

The US bucked the trend, with continued GDP growth and a strong job market.

Europe lacked the political consensus to take bold monetary policy measures, and entrenched short-termism prevented governments from passing the reforms necessary to improve the economic environment. This significantly affected both northern countries, which registered muted or flat GDP growth, and Mediterranean ones, especially Italy. As the ECB eased interest rates, the rate of return on money gradually fell to unprecedented levels hovering around zero for most maturities and the highest-quality risks. Italy continued to post zero or negative growth, with unemployment remaining high especially among the young and in the south.

After growing in the first six months of the year, the Eurozone's GDP slowed in the second half. Business surveys continued to point to a gradually improving outlook, even though confidence slid slightly from the end of 2013.

Inflation was well below the ECB's target, dropping dramatically towards the end of the year as energy prices, and especially oil, plunged and growth estimates for the Eurozone and emerging countries were slashed. International trade returned into positive territory, but was not enough to offset the other negative trends. The depreciation of the Euro against other currencies registered in late 2014 may boost exports; indirectly reduce imports, as the price of goods denominated in foreign currencies rise; and drive prices up, as European countries import inflation by purchasing goods and services denominated in foreign currencies despite an appreciating Euro.

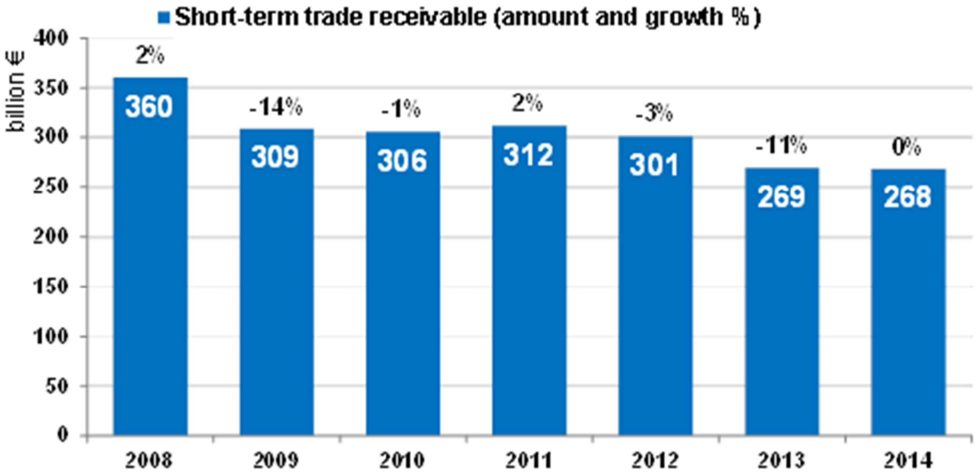
In Italy, as in Europe, the recovery that started towards the end of 2013 gradually waned since the beginning of the summer, with GDP growth turning negative in October. The deteriorating trade balance and investment flows were not offset by higher domestic spending, which rose in spite of the still grim job market.

In the third quarter of 2014, Italy's GDP fell from the previous quarter and the end of 2013, and is estimated to have slowed by 0,4% in 2014. However, some elements warrant caution in reading the numbers (plunging energy prices, which drag GDP down, are not necessarily bad per se) and further assessment in early 2015.

Reference markets

Trade Receivables

The Bank's reference market is the short-term trade receivable segment (short-term cash loans to non-financial companies and producer households), which amounted to 268 billion Euro at 30 June 2014. Overall, it was down 26% from 31 December 2008, when it was worth 360 billion Euro. The fall registered since the crisis broke out is the result of both slowing demand and the credit crunch, with financial intermediaries scaling back their support to Italy's economy.



The factoring market – the Bank supports businesses through factoring – accounts for only a fraction of Banca IFIS's reference market, and therefore turnover (i.e. the volume of receivables purchased during the period) and the relevant positioning do not represent a strategic goal, although they have a positive impact in terms of image, value and market perception.

Shifting the focus to this segment, in 2014 it saw its volumes increase.

During 2010-2011, the existing banking groups shifted a significant proportion of corporate loans from traditional banking products to factoring, boosting volumes.

The national-level data at 30 November 2014 showed that in 2014 volumes rose moderately, with turnover slightly up and the outstanding (total receivables outstanding at the reporting date) down.

Banca IFIS reported a full-year overall turnover of 8,3 billion Euro, soaring 45,8% from 2013.

Non-Performing loans

The non-performing loans (NPL) market is characterised by the presence of players who approach the business in often widely different ways and focus their attention on portfolios that are often non-homogeneous, especially as for the type of receivable that is bought, the account debtors, and the methods of collection.

As for the type of receivables bought, they can be divided into at least the following segments:

- NPLs from property-backed mortgages (residential, commercial or industrial properties);
- NPLs from various financial products and guaranteed by third parties (through surety bonds, loan guarantee consortia, others);
- NPLs from asset/salary-backed consumer credit/retail loans due from individuals;
- NPLs from consumer, renting, and automotive loans, or unsecured retail loans.

As for the type of debtors, they can be broken down into individuals with or without steady employment or pension income and businesses, differentiating between limited companies on the one hand and partnerships/sole proprietorships on the other.

We may distinguish two broad areas for collection, judicial and non-judicial.

All these differentiators significantly influence the NPL portfolios' potential to generate cash flows, as well as the supporting operational processes and organisational structure, collection costs, and, above all, the costs for purchasing the portfolios from the originators (usually financial companies related to banking groups, but also retailers of goods or services, or other intermediaries operating in the NPL sector).

Furthermore, there are players with different approaches to taking risks: some acquire and manage their portfolios until they collect the receivables, while others focus just on managing them for a fee (and the two often cooperate).

The above variables are key for assessing the NPL market, resulting in the presence of both very large and small players with diverse approaches, subject to different regulations, and equipped with varying financial and technological resources.

The Bank's NPL Area, which operates in the retail market under the Credi Famiglia brand, focuses mainly on NPLs from consumer, renting, and automotive loans, as well as unsecured retail loans. It operates also in the segment of NPLs from asset/salary-backed consumer credit/retail loans due from individuals. On rare occasions, Banca IFIS's NPL Area even dealt with NPLs from various financial products and guaranteed by third parties (through surety bonds, loan guarantee consortia, others). The NPL Area usually buys receivables portfolios directly from lenders, but it may also purchase them from other sellers. This market is known as "secondary": while it is already mature and active in other countries, in Italy it is still developing. The NPL Area will purchase the above asset classes on both the primary and secondary markets. It may also consider selling part of the portfolios acquired after turning the account debtors into paying customers, earning a significant margin relative to their purchase price right away.

The NPL Area is constantly innovating, looking for alternative payment methods allowing the debtors willing to settle their dues to do so using new and more flexible approaches. In this sense, it is currently reviewing the collection process in order to focus on turning the debtor into a customer, thus actively managing the relevant relationship also through CRM approaches. Concerning debtors who may settle their debts but are not willing to do so, the NPL Area defined a court-ordered collection procedure to distrain one-fifth of the debtor's salary or pension. The Bank is currently bolstering its Call Centre, which will both assist with existing settlement plans (issuing reminders and collecting individual instalments by phone) and start processing portfolios by phone.

Tax receivables

According to the Quarterly Observatory on Corporate Crises (source: Cerved Group, data referring to the third quarter of 2014), 2014 confirmed that Italian companies are facing a systemic crisis: failures were on the rise in all sectors and geographic areas. There were 3 thousand filings for bankruptcy between July and September 2014, up 14,1% year-on-year. 2014 saw over 11 thousand defaults, growing 11,9% from the prior year.

The average bankruptcy risk of Italian companies (source: Cerved - the CeGRI, Cerved Group Risk Index, provides a measure on a scale from 1 – Minimum Risk to 100 – Maximum Risk) is estimated to have fallen slightly in 2014, to 74,3 points (75,6 in 2013), and is expected to drop further in 2015, to 70,1 points. Concerning individual sectors, here are the changes in the CeGRI from 2013 to 2014:

- Agriculture: from 64,2 to 63,6 (estimated at 62,5 in 2015)
- Industry: from 73,1 to 71,9 (estimated at 69,9 in 2015)
- Construction: from 81,6 to 79,9 (estimated at 77,8 in 2015)
- Services: from 74,8 to 73,0 (estimated at 71,4 in 2015).

The rise in bankruptcies during the first nine months of 2014 was registered for all forms of business, although with varying growth rates: 13,9% for limited companies, 6,3% for partnerships, and 6,1% for other forms. All economic sectors experienced an increase in bankruptcies: service firms led the way with a 16,2% rise, followed by construction companies (+11,8%). The pace sped up also among industrial entities (+3,5%).

Insolvencies rose also across all geographic areas, although not all of them saw the trend accelerate compared to last year. Specifically, in Italy's North East, bankruptcies grew double-digit in the first nine months of 2013, whereas in 2014 they were up 4,4%. The Centre and the South/Islands confirmed the trend registered in 2013, with a nearly 14% rise for the first nine months of 2014. The North West continued to deteriorate, going from 9,6% in 2013 to 13,8% in the first three quarters of 2014.

500 non-bankruptcy workouts were entered into between July and September, sharply down from the prior-year period (-24%). In the first nine months of the year, a total 2.200 agreements were filed, plunging by 40%.

The breakdown by sector reveals that approximately half of non-bankruptcy workouts concerned service firms: between January and September, the relevant number was down 12,5% from the prior-year period. There was an even larger drop among manufacturers (-19,8%), whereas construction companies registered a relatively mild decrease (-6,2%). Geographically, the slowdown was registered across the whole country, with the North East falling -18,2%, the South and the Islands -16,2%, the Centre -16,8%, and the North West -8.9%.

Against the backdrop of the above trend in insolvency proceedings, the market for tax receivables usually arising from them has been valued at 40 to 50 million Euro over the last five years, with peaks related to the disposal of large portfolios of receivables due from insolvency proceedings of important industrial groups and/or Extraordinary Administration proceedings.

Considering Italy's economy, operations related to Insolvency Proceedings (Bankruptcies, Arrangements with Creditors, Compulsory Liquidations and Extraordinary Administration proceedings) are likely to rise, despite a slight decrease in the number of companies in Liquidation and "blank" filings for arrangements with creditors (*Concordato "in bianco"*). Furthermore, once again in 2014 our historic relationship with leading firms which propose Bankruptcy Agreements (Assignees - *Assuntori*) strongly contributed to the rise in purchasing volumes.

Retail funding

The Group has been operating in the retail funding market for 7 years now, achieving outstanding results. The visibility brought by Rendimax, an online funding product, burnished its credentials in a constantly evolving sector. In January 2013, Banca IFIS introduced also the current account Contomax, which registered growing funding during 2013 and then stabilised in 2014.

The retail funding market, and specifically the segment of online savings accounts, presents mature product offerings from conventional banks with branch networks dedicated to direct funding as well as players specialising in online funding. However, the retail segment remains a crucial source of funding.

The quality of service continues to be one of the hallmarks of our product: customers consider it the most efficient offering on the market, with the call centre and the operational office ensuring constant support.

Impact of regulatory changes

Here below are some regulatory changes introduced in 2014 impacting Banca IFIS:

- It should be noted that, starting from 1 January 2014, the Group adopted the following new accounting standards:
  - IFRS 10 Consolidated Financial Statements
  - IFRS 12 Disclosure of Interests in Other Entities
  - Revised IAS 27 Separate Financial Statements

  The adoption of the above new accounting standards did not have a significant impact on the Banca IFIS Group's financial statements.
- The new set of harmonised regulations for banks and investment firms included in EU Regulation no. 575/2013 and in Directive 2013/36/EU (CRD IV) is applicable as from 1 January 2014. In order to assess consolidated regulatory capital and capital absorption, this regulatory framework requires for the inclusion of the Group Holding in the consolidation scope and regulates the recognition of non-controlling interests under consolidated equity.

Group financial and income results

Statement of financial positions items

MAIN STATEMENT OF FINANCIAL POSITION ITEMS *(in thousands of Euro)*	AMOUNTS AT		CHANGE	
	2014	2013	ABSOLUTE	%
Available for sale financial assets	243.325	2.529.179	(2.285.854)	(90,4)%
Held to maturity financial assets	4.827.363	5.818.019	(990.656)	(17,0)%
Due from banks	274.858	415.817	(140.959)	(33,9)%
Loans to customers	2.814.330	2.296.933	517.397	22,5%
Property, plant and equipment and intangible assets	57.238	47.100	10.138	21,5%
Other assets	92.180	230.749	(138.569)	(60,1)%
Total assets	**8.309.294**	**11.337.797**	**(3.028.503)**	**(26,7)%**
Due to banks	2.258.967	6.665.847	(4.406.880)	(66,1)%
Due to customers	5.483.474	4.178.276	1.305.198	31,2%
Financial liabilities held for trading	-	130	(130)	(100,0)%
Other liabilities	129.003	113.221	15.782	13,9%
Equity	437.850	380.323	57.527	15,1%
Total liabilities and equity	**8.309.294**	**11.337.797**	**(3.028.503)**	**(26,7)%**

Available for sale (AFS) financial assets

Available for sale financial assets include debt and equity securities, and at 31 December 2014 stood at 243,3 million Euro, down 90,4% compared to 2.529,2 million Euro at the end of 2013. The valuation reserve, net of the tax impact, amounted to 6,0 million Euro at 31 December 2014 (-10,0 million Euro compared to the end of 2013). The change in the size of the portfolio from the end of the previous year was the main reason for the decrease in the AFS reserve.

The securities portfolio is held for the purposes described in the “Securities portfolio” section below.

Held to maturity (HTM) financial assets

The portfolio of held to maturity (HTM) financial assets stood at 4.827,4 million Euro at 31 December 2014, down 17,0% compared to the previous year, and consists of Italian government bonds with residual maturity at the time of purchase of over one year. At the reporting date, the HTM portfolio showed unrecognised net capital gains amounting to 133,7 million Euro before taxes. These capital gains were not recognised according to the amortised cost method applicable to this portfolio.

The securities portfolio is held for the purposes described in the “Securities portfolio” section below.

Receivables due from banks

At 31 December 2014, receivables due from banks totalled 274,9 million Euro, compared to 415,8 million Euro at 31 December 2013 (-33,9%). This item includes some securities not listed on an active market with banking counterparties, totalling 11,0 million Euro (-54,2% compared to 31 December 2013), and treasury loans with other lenders, amounting to 263,8 million Euro (-32,7% compared to 31 December 2013), largely related to maintaining excess liquidity in the system.

Securities portfolio

In order to provide a comprehensive analysis of the Group's securities portfolio, the debt securities portfolio, represented by several asset items in the statement of financial position, and the equity portfolio are commented on below.

Debt securities portfolio

Debt securities held in the portfolio at 31 December 2014 amounted to 5.068,3 million Euro, down 39,4% compared to 31 December 2013 as a result of 3.538.0 million Euro in redemptions of bonds maturing in the period. The Bank does not carry out any trading activity on the security portfolio. At 31 December 2014, 44,1% of securities in the portfolio would mature in December 2015, 14,8% in December 2016, 13,8% in 2017, and 27,3% before the end of 2018.

This significant resource allowed Banca IFIS to access funding at reasonable costs through repurchase agreements on the MTS platform or refinancing operations on the Eurosystem.

These securities have been classified as shown in the following table on the basis of their characteristics and in compliance with the provisions of IAS 39.

DEBIT SECURITIES PORTFOLIO *(in thousands of Euro)*	AMOUNTS AT		CHANGE	
	31.12.2014	31.12.2013	ABSOLUTE	%
DEBIT SECURITIES INCLUDED UNDER:				
Available for sale financial assets	229.868	2.515.810	(2.285.942)	(90,9)%
Held to maturity financial assets	4.827.363	5.818.019	(990.656)	(17,0)%
Receivables due from banks - bonds	11.025	24.048	(13.023)	(54,2)%
Total securities held	**5.068.256**	**8.357.877**	**(3.289.621)**	**(39,4)%**

Here below is the breakdown by issuer and by maturity of the debt securities held.

Issuer/Maturity	Within 31.03.2015	Between 1.04.2015 and 30.06.2015	Between 1.07.2015 and 30.09.2015	Between 1.10.2015 and 31.12.2015	Between 1.01.2016 and 31.12.2016	Between 1.01.2017 and 31.12.2018	Total
Government securities	178.649	1.193.483	155.721	697.049	747.447	2.084.369	5.056.718
% of total	*3,5%*	*23,5%*	*3,1%*	*13,8%*	*14,7%*	*41,1%*	99,7%
Banks	3.014	3.005		-	5.006	513	11.538
% of total	*0,1%*	*0,1%*	*0,0%*	*0,0%*	*0,1%*	*0,0%*	0,3%
Total	**181.663**	**1.196.488**	**155.721**	**697.049**	**752.453**	**2.084.882**	**5.068.256**
% of total	***3,6%***	***23,6%***	***3,1%***	***13,8%***	***14,8%***	***41,1%***	**100%**

Equity portfolio

Available for sale financial assets include equity securities relating to non-controlling interests in unlisted companies, amounting to 13,5 million Euro (+0,7% compared to 31 December 2013), which are considered strategic for Banca IFIS. The change from the end of 2013 was the result of two opposite factors:

- the sale of the Bank's shares in a credit institution; the relevant previously recorded valuation reserve was recognised in profit or loss with a 231 thousand Euro profit;

- the classification of equity instruments deriving from a restructured loan under AFSs.

Loans to customers

At 31 December 2014, **total loans to customers** reached 2.814,3 million Euro, up 22,5% or +517,4 million Euro compared to 2.296,9 million Euro at the end of 2013. Specifically, trade receivables increased by 516,6 million Euro compared to the end of 2013 (+26,7%). The sustained growth in lending was driven by increased marketing efforts towards Italy's businesses, which paid off in a scenario where banks continued to reduce loans, and occurred despite significant collections concerning positions due from the Public Administration (PA). Receivables due from the PA at 31 December 2014 accounted for 27,1% of total receivables in the segment, compared to 27,0% at 31 December 2013, while receivables due from the private sector accounted for 72,9% (compared to 73,0% at 31 December 2013). Distressed Retail Loans rose by 7,5 million Euro (+5,8%) and tax receivables by 29,2 million Euro (+32,3%). As far as the Governance and Services segment is concerned, loans fell by 35,9 million Euro (-25,6%) mainly due to 52,7 million Euro in reverse repurchase agreements with Cassa di Compensazione e Garanzia coming to maturity. Such fall was partially offset by the 22,6 million Euro increase in margin lending with Cassa di Compensazione e Garanzia related to repurchase agreements in government bonds on the MTS platform.

LOANS TO CUSTOMERS: BREAKDOWN BY SEGMENT (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2014	31.12.2013	ABSOLUTE	%
Trade receivables	2.455.052	1.938.415	516.637	26,7%
- *of which impaired*	*112.628*	*162.609*	*(49.981)*	*(30,7)%*
Distressed retail loans	135.429	127.945	7.484	5,8%
- *of which impaired*	*135.426*	*127.945*	*7.481*	*5,8%*
Tax receivables	119.473	90.282	29.191	32,3%
- *of which impaired*	*34*	*499*	*(465)*	*(93,2)%*
Governance and services	104.376	140.291	(35.915)	(25,6)%
- *of which with Cassa di Compensazione e Garanzia*	*102.707*	*80.090*	*22.617*	*28,2%*
- *of which receivable repurchase agreements*	-	*52.698*	*(52.698)*	*(100,0)%*
Total loans to customers	**2.814.330**	**2.296.933**	**517.397**	**22,5%**
- of which impaired	***248.088***	***291.053***	***(42.965)***	***(14,8)%***

The breakdown of loans to customers is essentially in line with the Trade Receivables segment, with 27,9% of receivables due from the Public Administration (compared to 26,7% at 31 December 2013) and 72,1% due from the private segment (compared to 73,3% at 31 December 2013).

With regard to activities in support of SMEs, the loans duration was confirmed as short-term, in line with the strategy to support working capital that represents the core business.

Geographically, the item is broken down as follows: 95,4% of loans are to customers resident in Italy (97,9% at 31 December 2013) and 4,6% to customers resident abroad (2,1% at 31 December 2013).

Finally, it should be noted that the item includes 4 positions, for a total amount of 181,0 million Euro, which fall within the category of major risks.

Credit quality

Can a small/medium sized enterprise have the same creditworthiness as a large enterprise?

By adopting a business model suitable for transferring risk from customers to better-structured debtors, the Bank manages to mitigate its exposure to customer default risk. Even though the prolonged economic downturn has caused also receivables due from higher-quality debtor to deteriorate, the improvement concerning the most significant impaired loans—i.e. those in the Trade Receivables segment—registered in 2013 continued into 2014, as shown in the table below. Specifically, said improvement was due to the following factors: a) new bad loans continued to decrease; b) the Group is extremely effective at promptly recognising losses on positions found to be impaired (adjusting the item impairment/losses in profit or loss accordingly); finally, c) particular attention was paid to objective substandard loans, considerably improving their situation.

Total **net impaired loans** amounted to 248,1 million Euro, compared to 291,1 million Euro at the end of 2013 (-14,8%). In the Trade Receivables segment alone, whose performance is crucial for the purpose of assessing the Bank’s overall credit quality, total impaired loans dropped 30,7%, from 162,6 million Euro at the end of 2013 to 112,6 million Euro.

Impaired loans, including receivables in the DRL segment, rose from 127,9 million Euro to 135,4 million Euro (+5,8%). This was the result, on the one hand, of the purchase of a significant portfolio of non-performing loans with a par value of 1.263 million Euro, and on the other hand, of the sale of bills of exchange with a par value of 219 million Euro. This segment's business is closely associated with recovering impaired loans: therefore, DRL loans are recognised as bad or substandard loans. In particular, those loans maintain the same classification as that assigned by the invoice seller, provided the latter is subject to the same law as Banca IFIS: otherwise, if the Bank has not ascertained the debtor's state of insolvency, those loans are classified as substandard. In light of the above, the amount of distressed retail loans classified as bad or substandard is not critical: on the contrary, it is an indicator of the normal and positive performance of the segment.

CREDIT QUALITY (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVA-BLES	GOVERNANCE AND SERVICES	CONSOLIDATED TOTAL
Non-performing loans					
Figures at 31.12.2014	33.049	70.089	-	-	*103.138*
Figures at 31.12.2013	*50.804*	*66.505*	*499*	-	*117.808*
Change %	*(34,9)%*	*5,4%*	*(100,0)%*	-	*(12,5)%*
Substandard loans					-
Figures at 31.12.2014	37.857	65.337	*34*	-	*103.228*
Figures at 31.12.2013	*61.796*	*61.440*	-	-	*123.236*
Change %	*(38,7)%*	*6,3%*	*0,0%*	-	*(16,2)%*
Restructured loans					-
Figures at 31.12.2014	*14.374*	-	-	-	*14.374*
Figures at 31.12.2013	*8.351*	-	-	-	*8.351*
Change %	*72,1%*	-	-	-	*72,1%*
Past due loans					-
Figures at 31.12.2014	*27.348*	-	-	-	*27.348*
Figures at 31.12.2013	*41.658*	-	-	-	*41.658*
Change %	*(34,4)%*	-	-	-	*(34,4)%*
Total net impaired loans					
Figures at 31.12.2014	***112.628***	***135.426***	***34***	**-**	***248.088***
Figures at 31.12.2013	***162.609***	***127.945***	***499***	**-**	***291.053***
Change %	***(30,7)%***	***5,8%***	***(93,2)%***	**-**	***(14,8)%***
Net performing loans to customers					-
Figures at 31.12.2014	2.342.424	3	119.439	104.376	2.566.242
Figures at 31.12.2013	*1.775.806*	-	*89.783*	*140.291*	*2.005.880*
Change %	*31,9%*	*0,0%*	*33,0%*	*(25,6)%*	*27,9%*
Total loans to customers (cash)					
Figures at 31.12.2014	**2.455.052**	***135.429***	***119.473***	***104.376***	**2.814.330**
Figures at 31.12.2013	**1.938.415**	***127.945***	***90.282***	***140.291***	**2.296.933**
Change %	***26,7%***	***5,8%***	***32,3%***	***(25,6)%***	***22,5%***

As for Trade Receivables, total **net bad loans** to customers at 31 December 2014, net of impairment losses, were 33,0 million Euro, compared to 50,8 million Euro in December 2013 (down 34,9%). This decrease was due to the slowing pace of new bad loans, the gains arising from some items that had already been classified as bad loans in previous years, as well as the adjustments made during the period.

Total **substandard loans** were 37,9 million Euro, compared to 61,8 million Euro in the previous year (-38,7%), while **restructured loans** rose from 8,4 million Euro in 2013 to 14,4 million Euro.

Past due loans totalled 27,3 million Euro, compared with 41,7 million Euro in December 2013 (-34,4%). Net past due loans refer for 3,9 million Euro (6,0 million Euro at the end of 2013) to receivables due from the Public Administration purchased outright as part of financing operations.

The positive trend in impaired loans despite the adverse economic scenario is also due to the correct balance of the model for assuming credit risk and the careful management of loans to customers coupled with a virtuous monitoring process.

The ratio of net bad loans to loans improved sharply, from 2,6% at the end of 2013 to 1,3% at 31 December 2014, as did the ratio of net substandard loans to loans, falling from 3,2% to 1,5%. The ratio of total net impaired loans to loans dropped from 8,4% at the end of 2013 to 4,6% at 31 December 2014. Net impaired loans amounted to 25,7% as a percentage of equity (42,8% at the end of 2013).

IMPAIRED TRADE RECEIVABLES (in thousands of Euro)	NON PERFORMING (1)	SUBSTANDARD	RESTRUCTURED	PAST DUE	TOTAL
BALANCE AT 31.12.2014					
Gross amount	243.729	51.291	15.972	28.020	**339.012**
Incidence on gross total receivables	*9,1%*	*1,9%*	*0,6%*	*1,0%*	***12,6%***
Adjustments	210.680	13.434	1.598	672	**226.384**
Incidence on gross value	*86,4%*	*26,2%*	*10,0%*	*2,4%*	***66,8%***
Net amount	33.049	37.857	14.374	27.348	**112.628**
Incidence on net total receivables	*1,3%*	*1,5%*	*0,6%*	*1,1%*	***4,6%***
BALANCE AT 31.12.2013					
Gross amount	234.681	72.302	9.395	42.432	**358.810**
Incidence on gross total receivables	*11,0%*	*3,4%*	*0,4%*	*2,0%*	***16,8%***
Adjustments	183.877	10.506	1.044	774	**196.201**
Incidence on gross value	*78,4%*	*14,5%*	*11,1%*	*1,8%*	***54,7%***
Net amount	50.804	61.796	8.351	41.658	**162.609**
Incidence on net total receivables	*2,6%*	*3,2%*	*0,4%*	*2,1%*	***8,4%***

(1) Bad loans are recognised in the financial statements up to the point in which all credit collection procedures have been entirely completed.

Intangible assets and property, plant and equipment and investment property

Intangible assets totalled 6,6 million Euro, against 6,4 million Euro at 31 December 2013 (+3,1%).

The item refers to software (5,8 million Euro) and goodwill (0,8 million Euro) arising from the consolidation of the investment in IFIS Finance Sp.Z o.o.

Property, plant and equipment and investment property amounted to 50,7 million Euro, up 24,4% following the purchase of a property in Florence which will house the new headquarters of the NPL business area.

The property classified under property, plant and equipment and investment property mainly includes: the important historical building Villa Marocco, located in Mestre (Venice) and housing Banca IFIS's registered office, and the property in Mestre (Venice), where some of the Bank's services were relocated.

The carrying amount of the property above has been confirmed by experts specialising in the appraisal of luxury property. Villa Marocco is not depreciated as its estimated residual value at the end of its useful life is expected to be higher than its carrying amount.

The current head office of the NPL business area in Florence, which was acquired under a finance lease, was recognised at 4,0 million Euro.

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.

Deferred tax assets, amounting to 38,3 million Euro at 31 December 2014, refer for 36,0 million Euro to impairment losses on receivables which can be deducted in the following years.

Deferred tax liabilities, amounting to 14,3 million Euro at 31 December 2014, refer mainly for 6,1 million Euro to the measurement of the tax receivables of the former subsidiary Fast Finance S.p.A., which was carried out at the time of the business combination, and for 2,8 million Euro to taxes on the valuation reserve for AFS securities held in the portfolio.

Other assets and liabilities

At 31 December 2014, other assets stood at 51,8 million Euro (-73,1% from 31 December 2013), mainly due to the conclusion of the securitisation entailing the cancellation of receivables due from the SPV. Said receivables correspond to the funds available to the SPV arising from the collections of receivables which have not yet been paid to the originator, on the basis of the technical characteristics of the transaction. The item includes a 10,6 million Euro receivable due from the parent company La Scogliera S.p.A. deriving from the tax consolidation regime, as payments on account were higher than the tax bill.

Other liabilities, totalling 111,1 million Euro at the end of the period, showed an increase of 17,2 million Euro, mainly related to amounts due to customers that have not yet been credited.

Funding

Funding, net of the rendimax savings account and the contomax current account, shall be analysed in a comprehensive manner based on market trends; it consists of wholesale funding through repurchase agreements (classified under payables due to customers, as they are carried out with counterparties formally other than banks), refinancing transactions on the Eurosystem, and short-term treasury transactions with other lenders.

FUNDING (in thousands of Euro)	YEAR		CHANGE	
	2014	2013	ABSOLUTE	%
Due to customers:	**5.483.474**	**4.178.276**	**1.305.198**	**31,2%**
Repurchase agreements	*2.082.854*	*263.670*	*1.819.184*	*689,9%*
Rendimax	*3.241.746*	*3.817.745*	*(575.999)*	*(15,1)%*
Contomax	*72.454*	*50.342*	*22.112*	*43,9%*
Other payables	*86.420*	*46.519*	*39.901*	*85,8%*
Due to banks:	**2.258.967**	**6.665.847**	**(4.406.880)**	**(66,1)%**
Eurosystem	*2.226.872*	*6.656.465*	*(4.429.593)*	*(66,5)%*
Other payables	*32.095*	*9.382*	*22.713*	*242,1%*
Total funding	**7.742.441**	**10.844.123**	**(3.101.682)**	**(28,6)%**

Total **funding**, which amounted to 7.742,4 million Euro at 31 December 2014, down 28,6% compared to 31 December 2013, is represented for 70,8% by **Payables due to customers** (compared to 38,5% at 31 December 2013) and for 29,2% by **Payables due to banks** (compared to 61,5% at 31 December 2013).

The significant decrease in Payables due to banks compared to the end of the previous year is due to the fact that the Bank carried out less refinancing operations on the Eurosystem, rather using the MTS platform and dealing with Cassa di Compensazione e Garanzia as counterparty (classified as payables due to customers). The Bank turns to the ECB or the MTS platform exclusively based on which is more convenient in light of interest rate trends.

Payables due to customers at 31 December 2014 totalled 5.483,5 million Euro (+31,2% compared to 31 December 2013). This increase was mainly due to the higher use of repurchase agreements with underlying Government bonds and Cassa di Compensazione e Garanzia as counterparty, amounting to 2.082.9 million Euro (compared to 263,7 million Euro at the end of 2013). Retail founding totalled 3.314,2 million Euro at 31 December 2014, down from 3.868,1 million Euro at 31 December 2013, as interest rates slid gradually throughout the year.

The Bank still bears proportional stamp duty costs on rendimax and contomax, which amount to 0,20%.

Payables due to banks, amounting to 2.259,0 million Euro (compared to 6.665,8 million Euro at 31 December 2013), mainly consisted of funding from refinancing operations on the Eurosystem for 2.226,9 million Euro, compared with 6.656,5 million Euro at 31 December 2013. These amounts include 500,0 million Euro in LTRO loans at a 0,05% rate (ECB's key interest rate) maturing on 26 February 2015 as well as the 119,6 million Euro TLTRO loan received in December 2014 at a fixed 0,15% rate and maturing on 26 September 2018. In October 2014, the Bank cancelled the bonds it had issued and repurchased and which were guaranteed by the Italian Government, totalling 207 million Euro.

The remainder of payables due to banks consists of 32,1 million Euro in interbank deposits, including 10,0 million Euro on the E-Mid platform.

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS AT		CHANGE	
	2014	2013	ABSOLUTE	%
Legal disputes	1.527	375	1.152	307,2%
FITD provisions (Deposit Protection Fund)	461	158	303	191,8%
Total provisions for risks and charges	**1.988**	**533**	**1.455**	**273,0%**

Legal disputes

The provision outstanding at 31 December 2014, amounting to 2,0 million Euro, includes 45 thousand Euro for a labour dispute, 1,449 thousand Euro for four disputes concerning the Trade Receivables segment – of which 1,119 thousand Euro were set aside during 2014 – and 33 thousand Euro for five disputes concerning the DRL segment, which were fully set aside during the year.

Overall, the Bank recognises contingent liabilities totalling 12,4 million Euro in claims, represented by 17 disputes; supported by the legal opinion of its lawyers, the Bank made no provisions for these positions, as the risk of defeat is low.

Tax dispute

On 25 July 2008, the Italian Revenue Agency – Regional Department of Veneto started a check relating to the tax year 2005. This inspection ended on 5 December 2008: the relevant report of verification included two challenges concerning the correct calculation of limits for the deductibility of receivables (ceiling) as per art. 106 paragraph 3 of Presidential Decree 917/86, for a total of 1,4 million Euro. Moreover, considering that the ceiling mechanism sets limits for deducting impairment losses on receivables and that the surplus (arising from the difference between the ceiling and net impairments) is deductible on a straight-line basis over the next eighteen years, the application of the criterion indicated in the aforementioned report of verification would imply a tax benefit for the Bank in the years following 2005.

The aforementioned report of verification included also a notification regarding an alleged case of tax avoidance as set out in Article 37-bis of Presidential Decree 600/73 regarding the write-down in 2003 of the equity investment in Immobiliare Marocco S.p.A. (which merged into the Issuer with deed dated 19 October 2009). This investment was deducted in fifths in the following years based on the losses recognised by this company pursuant to arts. 61 and 66 of Presidential Decree 917/86 (in force up to 31 December 2003). On 2 February 2009 the Agency sent a verification notice to the Bank, requesting clarification on the write-down. The Bank promptly replied to it.

Again in reference to the notification of the alleged tax avoidance, on 3 December 2009 the Bank received a verification notice relating to the year 2004, in which the Revenue Agency revised the income for the year 2004 subject to the corporate tax (IRES), applying the anti-avoidance provision no. 26 as set out in art. 37-bis of Presidential Decree 600/73 for a total of 837 thousand Euro, with a higher tax liability relating to the tax year concerned of approximately 276 thousand Euro plus interest and penalties.

On 21 June 2010, the Bank received a verification notice referring to the following year, in which the Revenue Agency revised the income for the year 2005 subject to the corporate tax (IRES), applying the anti-avoidance provision as set out in art. 37-bis of Presidential Decree 600/73, for a total amount of 837 thousand Euro, with a higher tax liability relating to the tax year in question of approximately 276 thousand Euro plus interest and penalties. The same verification notice relating to the year 2005 treated as taxable the amount relating to the redetermination of the ceiling for deducting losses on receivables concerning the above-mentioned findings, for a total of 1,4 million Euro, with higher taxes of around 478 thousand plus interests and penalties due in relation to the year 2005.

Subsequently, by the end of 2010 the Bank received a notice cancelling under the appeal process the verification notices issued for 2005.

On 22 February 2011, the appeal regarding the verification notice for the tax year 2004 was discussed before the first level Provincial Tax Commission of Venice. On 29 June 2011, the Provincial Tax Commission of Venice rejected the appeal. On 7 November 2011, the Bank was served a notice of payment for the amounts enrolled on the tax register following the ruling of the court of first instance, pursuant to the laws on tax verification and collection, totalling 423 thousand Euro. Banca IFIS paid those amounts on 29 December 2011. Subsequently, the company filed an appeal with the Regional Tax Commission against this sentence. On 25 September 2012 the appeal was heard before the second-degree Regional Tax Commission of Venice. On 18 October 2012 the Commission's ruling was issued: it accepted the appeal by Banca IFIS S.p.A. and La Scogliera S.p.A. and, overturning the first-instance ruling, it proceeded to cancel the verification notices for 2004 that had been challenged and ordered the Revenue Agency to reimburse the costs for the two-level proceedings to the appellant.

As a consequence of the second-instance ruling, the Revenue Agency returned the sums paid by the Bank following the negative outcome of the first appeal. These had been previously recognised as a 423 thousand Euro receivable in the Bank's accounts.

On 22 August 2012, the Bank received a verification notice for 2005 that is closely related to the notices received during 2010 and subsequently cancelled under appeal process by the end of the same year. The verification notice, besides containing the same points and therefore the sums requested (in terms of taxes and penalties) included in the previous notice that was then cancelled, considers as tax avoidance some security trading and lending transactions and challenges the deduction of sums such as non-deductible capital losses and manufactured dividends for a total of 6,3 million Euro. The higher tax overall due in relation to this latter finding totals 2,1 million Euro, plus interest and penalties.

Therefore, the overall amount subjected to taxation in the verification notice totals 8,6 million Euro, with higher taxes for the year under review of 2,8 million Euro. The verification notice, which has now passed the ordinary deadline for its issue, i.e. 31 December 2010, was sent on the basis of the Tax Office's assumption that the doubling of the statute of limitations provided for by the law can be applied to this case, i.e. it represents a criminal offence.

In relation to this verification notice, the Bank applied for composition proceedings with the aim of finding out whether the Office was willing to reconsider its stance, but the application was rejected; the Revenue Agency preferred to continue with the dispute by appealing to the Court of Cassation regarding the verification notice for 2004, effectively forcing the Bank to file a counter-appeal with the Court on 29 January 2013, within the legal time limits; the analysis of the Revenue Agency's appeal exposes the weakness of their case, already apparent in the previous hearings. Therefore, the tax consultants assisting the Bank in the proceedings believe the chance of defeat is unlikely, and the Bank did not make any provisions for the tax proceedings concerned.

The appeal against the verification notice for 2005 was filed on 11 February 2013.

Before examining in detail the individual findings and the assessment errors made by the Revenue Agency, the appeal focuses on the reasons why the judges should completely annul the notice. Serious material errors were made, to the point that they completely invalidate the act: the criminal charge, which seeks to have the statute of limitations doubled and that the Public Prosecutor completely rejected by ordering a non-suit; a series of verification notices served and then cancelled under the appeal process; and several legal errors contained in the last act issued.

Besides this, the defence case, which had already been set out in the application for composition proceedings, has been expanded and explained in detail. The fragility of the challenge to the write-down on the equity investment in Immobiliare Marocco was highlighted once again, and made even more apparent by the victory in the court of second instance regarding 2004 and which, at this point, would cover all the subsequent years.

Then, the appeal sets out the reasons why the challenges to the calculations of the ceiling for the deduction of receivables are wrong, both as far as the method adopted and interpretation provided by the tax officials in the report of verification are concerned, and even more so in light of the subsequent amendments and supplements to the laws regulating the principles for determining the income of long-time and first-time adopters of IAS.

As for the claims related to securities trading, the appeal highlighted that the transactions concerned produced positive results for the Bank, net of taxes, and they were not completely risk-free or entered into guaranteeing right from the start the conditions to neutralise any profit or loss from the transaction. The cross call and put options only had the effect of limiting the risk of losses and the potential excess returns, and in any case did not rule them out completely, as was hastily claimed in the verification notice. Above all, the challenged transactions simply applied the regime in force at the time, without eluding the law or its underlying principles; in fact, the system established with the 2004 reform envisages a double regime for stock transfers. Therefore, there is nothing strange in short-term equity trading on equity investments that do not qualify for participation exemption, with dividends received partially exempt from tax and deductible capital losses.

In any case, the Bank asked to recalculate the challenged amounts, which did not take into account the positive components that, as taxable income, are included in the determination of income. In April 2013, the Bank was notified of the Revenue Agency's response to the appeal. At 31 December 2014, the date for the first instance hearing had yet to be settled.

In light of the above, the tax consultants hired to resolve the dispute have stated that they reasonably believe it possible to validly defend the Bank’s case, and that therefore the chance of defeat is unlikely.

However, it is necessary to consider the Circular dated 8 August 2012 in which the Bank of Italy clarified that intermediaries, should they have to pay the tax authorities a certain amount following the enrolment in the tax register of higher taxes and the relevant interest and penalties, must assess whether or not it represents a contingent asset as defined by IAS 37. On the basis of this accounting standard, the asset should not be recognised whenever the profit on the same is not all but certain, and the amounts paid to the tax authorities must therefore be recognised at cost and not as tax receivables.

At 31 December 2012, 159 thousand Euro were allocated to the provision for tax proceedings for higher taxes and 35 thousand Euro for interest, resulting in a total of 194 thousand Euro against the likely provisional enrolment on the tax register(1) following the appeal, pursuant to Bank of Italy's Circular dated 8 August 2012. The Bank will not make any provision for the risk of defeat in the ongoing tax proceedings. At 30 September 2013, the Bank recognised an adjustment to said provision based on the amounts actually enrolled on the tax register and notified to the Bank on 9 October 2013. Compared to the provision previously made, there was a difference of 13 thousand Euro, mainly due to the reimbursement of collection costs. The Bank promptly paid the amount requested in light of the obligations pursuant to the law, although it expects a positive outcome.

(1) The provisional amounts enrolled on the tax register are those made on the basis of a verification notice that is not final, since it has been challenged. An appeal filed against a verification notice does not suspend its execution; pending the rulings of the court of first instance and of the court of second instance, part of the verified income tax, plus interest and part of the penalties, can be collected. In particular, as regards the income tax and value added tax, after the verification notice has been served, the Office can enrol on the tax register 1/3 of the verified taxes and interests. In relation to the charges relating to the anti-avoidance provision as set out in art. 37 bis of Presidential Decree 600/73, the amounts due before the first instance ruling cannot be enrolled on the tax register (para. 6, art. 37 bis, Presidential Decree 600/73). Subsequent to the rulings of the tax commissions, further fractions of the amounts due become payable, based on the grounds of the decision and the level of the judicial body.

Provision for the share of the Interbank Deposit Protection Fund's intervention

Italy's Interbank Deposit Protection Fund (FITD, *Fondo Interbancario di Tutela dei Depositi*), of which Banca IFIS is a member, approved in a letter dated 16 September 2014 another rescue loan to Banca Tercas, based in Ascoli Piceno. The relevant potential obligation for Banca IFIS amounts to 0,5 million Euro. Therefore, Banca IFIS allocated said amount to the provisions for risks and charges.

Equity and capital adequacy ratios

At 31 December 2014, consolidated Equity was 437,8 million Euro, compared to 380,3 million Euro at 31 December 2013 (+15,1%). The breakdown of the item and the change compared to the previous year are detailed in the tables below.

EQUITY: BREAKDOWN (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2014	31.12.2013	ABSOLUTE	%
Capital	53.811	53.811	-	*0,0%*
Share premiums	57.113	75.560	(18.447)	*(24,4)%*
Valuation reserve:	(109)	10.959	(11.068)	*(101,0)%*
- AFS securities	*5.969*	*15.980*	*(10.011)*	*(62,6)%*
- post-employment benefit	*(262)*	*(76)*	*(186)*	*244,7%*
- exchange differences	*(5.816)*	*(4.945)*	*(871)*	*17,6%*
Reserves	237.874	163.055	74.819	*45,9%*
Treasury shares	(6.715)	(7.903)	1.188	*(15,0)%*
Profit for the period	95.876	84.841	11.035	*13,0%*
Equity	**437.850**	**380.323**	**57.527**	**15,1%**

EQUITY:CHANGES (in thousands of Euro)	YEAR 2014
Equity at 31.12.2013	**380.323**
Increases:	**98.761**
Profit for the year	95.876
Sale of treasury instruments	2.741
Other variations	144
Decreases:	**41.234**
Dividends distributed	30.166
Change in valuation reserve:	11.068
- AFS securities	*10.011*
- post-employment benefit	*186*
- exchange differences	*871*
Equity at 31.12.2014	**437.850**

The change in the valuation reserve for AFS securities mainly refers to the effects of the fair value measurement of Government bonds held in the portfolio and the redemption of some of them.

The change in the valuation reserve for exchange differences refers mainly to exchange differences deriving from the consolidation of the subsidiary IFIS Finance Sp. Z o.o.

OWN FUNDS AND CAPITAL RATIOS (in thousands of Euro)	AMOUNTS AT		
	31.12.2014 (1)	31.12.2014 (2)	31.12.2013 (3)
Common equity Tier 1 Capital (CET1) (4)	387.228	390.507	332.851
Tier 1 Capital (AT)	389.778	390.507	332.851
Total own funds	**396.202**	**390.627**	**328.131**
Total RWA	**2.789.103**	**2.830.990**	**2.433.597**
Common Equity Tier 1 Ratio	13,88%	13,79%	13,68%
Tier 1 Capital Ratio	13,98%	13,79%	13,68%
Total own funds Capital Ratio	**14,21**	**13,80**	**13,48%**

(1) Data recognised according to the new regulations (Basel 3), that require for the inclusion of the Group Holding in the consolidation scope.
(2) Data recognised according to the previous regulations (Basel 2).
(3) Data recognised according to the previous regulations (Basel 2).
(4) Core tier 1 capital includes the profit for the year net of estimated dividends.

The new set of harmonised regulations for banks and investment firms included in EU Regulation no. 575/2013 and in Directive 2013/36/EU (CRD IV) is applicable as from 1 January 2014. In order to assess consolidated regulatory capital and capital absorption, this regulatory framework requires for the inclusion of the Group Holding in the consolidation scope and regulates the recognition of non-controlling interests under consolidated equity. The data shown in this table have been recognised according to the new regulations. To allow for a comparison with the previous period, the data at 31 December 2014 recognised according to the previous regulations is shown as well.

Pursuant to Bank of Italy's Regulation dated 18 May 2010, the Banca IFIS Group calculated its equity at 31 December 2014 by adopting the so-called "symmetric filter", which allows to neutralize both gains and losses on securities issued by the Central Administrations of EU Member States. The net amount of the item was 5,7 million Euro, included under available for sale financial assets, as if those securities were measured at cost.

Income statements items

Formation of net banking income

Net banking income rose 6,3% to 280,9 million Euro (264,2 million Euro in the previous year) thanks to the positive contribution from all core segments. The Trade Receivables segment made an outstanding contribution to consolidated net banking income, i.e. 55,4% of the total (49,1% at 31 December 2013), up 19,9% from the previous year.

The other segments made the following contributions: DRL (Distressed Retail Loans) segment 10,7% (9,2% at 31 December 2013), Tax Receivables 3,9% (3,5% at 31 December 2013), Governance and Services 30,0% (38,2% at 31 December 2013).

NET BANKING INCOME (in thousands of Euro)	YEAR		CHANGE	
	2014	2013	ABSOLUTE	%
Net interest income	218.464	206.744	11.720	5,7%
Total net commission income	58.352	57.164	1.188	2,1%
Dividends and similar income	-	84	(84)	(100,0)%
Net result from trading	302	193	109	56,5%
Profit from sale or buyback of receivables	3.581	-	3.581	n.a.
Profit from sale or buyback of financial assets	231	11	220	n.s.
Net banking income	**280.930**	**264.196**	**16.734**	**6,3%**

The +19,9% rise in the Trade Receivables segment (155,6 million Euro compared to 129,7 million Euro in the prior year) was mainly due to the higher number of financed companies (+13,1%, over 4.200 SMEs), with a turnover of 8,3 billion Euro compared to 5,7 billion Euro in 2013 (+45,8%), and to the performance of the Pharma business area, which collected 22,2 million Euro in interest on arrears (compared to 7,8 million Euro in 2013) as it managed to bring various situations to a successful conclusion. A result achieved amid an acceleration in payments from Italy's Public Administration, with the Bank collecting 649,6 million Euro (compared to 586,1 million in 2013, +10,8%) and posting a turnover of 848,5 million Euro,+51,1% from 561,5 million Euro in the previous year.

Starting from 2014, interest on arrears includes a portion (one million Euro in the period) of the interest accruing from the estimated collection date on receivables from the Health Service: the Bank, based on historical data and available information, estimates that at least 20% can be recovered.

At 31 December 2014 the Bank accrued, but did not recognise, interest on arrears – calculated from the invoice's original maturity date – related to already collected receivables (totalling approximately 49,1 million Euro) as well as non-collected receivables (approximately 39,0 million Euro) due from the Public Administration.

Net banking income in the DRL segment, which deals with acquiring and managing non-performing loans, totalled 30,0 million Euro, compared with 24,4 million Euro in 2013 (+23,2%). To strike a balance between the operations of the business units and the interests of the various stakeholders, in late 2014 the Bank sold a portfolio of bills of exchange with a par value of 219 million Euro and a Book Value of 48,1 million Euro, adding 3,6 million Euro to net banking income. It should be noted that the trend in net banking income is not representative of the DRL segment's operating performance since, as far as bad loans in the DRL segment are concerned, it does not account for the economic impact of the changes in expected cash flows, which are recognised under impairment losses/reversals on receivables according to the Bank's current interpretation of IAS/IFRS. On the other hand, from the operating viewpoint, the DRL segment's operating performance shall be recognised accounting for this item, too.

The Tax Receivables segment posted 11,0 million Euro (9,3 million Euro in 2013, +18,5%). The two figures cannot be compared on a like-for-like basis: the result at 31 December 2013 included the double impact of the revision of estimated cash flows, higher than expected, and debt collection time, shorter than expected, with a 5,2 million Euro non-recurring positive contribution to net banking income. A non-recurring item, amounting to 1,2 million Euro, was recognised also during this year. It refers to the collection of a loan previously written off by the former Fast Finance. Net of these non-recurring items, net banking income more than doubled from the previous year, rising from 4,1 million Euro in 2013 to 9,8 million Euro in 2014.

The Governance and Services segment was down to 84,3 million Euro, compared to 100,8 million Euro at 31 December 2013. The performance reflects the lower margins in terms of interest income on the securities portfolio (103,9 million Euro compared to 126,3 million Euro in 2013) and lower retail funding costs.

In the **fourth quarter, net banking income** stood at 70,2 million Euro, up from 70,1 million Euro in the prior-year period (+0,2%). Trade Receivables contributed 39,5 million Euro (+1,3% vs. 39,0 million Euro); the DRL segment brought in 10,0 million Euro (+100,8% vs. 5,0 million Euro), also as a result of the mentioned sale of the portfolio of bills of exchange; Tax Receivables registered 2,9 million Euro (+68,7% vs. 1,7 million Euro); and the Governance and Services segment contributed 17,8 million Euro, compared to 24,4 million Euro in the prior-year period (-27,1%).

Net interest income went from 206,7 million Euro at 31 December 2013 to 218,5 million Euro at 31 December 2014 (+5,7%).

Net commission income totalled 58,4 million Euro and is essentially in line with the amount at 31 December 2013 (+2,1%).

Commission income, totalling 64,8 million Euro compared to 63,3 million Euro at 31 December 2013, came primarily from factoring commissions on the turnover generated by individual customers (with or without recourse, in a flat or monthly scheme) as well as from other fees usually charged to customers for services.

Commission expense, totalling 6,5 million Euro compared to 6,2 million Euro at 31 December 2013, came primarily from approved banks' brokering, the work of other credit brokers, and commissions paid to correspondent banks and factors. At 31 December 2014, the item included also commissions paid on bonds guaranteed by the Italian Government.

NET COMMISSION INCOME (in thousands of Euro)	YEAR		CHANGE	
	2014	2013	ABSOLUTE	%
Endorsement loans	(1.773)	(2.268)	495	(21,8)%
Management and brokerage services	1.095	1.054	41	3,9%
Collection and payment services	(1.662)	1.035	(2.697)	(260,6)%
Factoring services	60.813	59.203	1.610	2,7%
Other services	(121)	(1.860)	1.739	(93,5)%
Total net commission income	**58.352**	**57.164**	**1.188**	**2,1%**

Net profit from trading, amounting to 302 thousand Euro at 31 December 2014 – compared to 193 thousand Euro in 2013 – is the result of exchange differences arising as a physiological consequence from the mismatch between drawdowns by customers and the Treasury Department's funding operations in foreign currency.

The 3,6 million Euro profit **from the disposal of receivables** refers to the result of the mentioned sale of a portfolio of bills of exchange.

The profit **from the disposal of financial assets** of 231 thousand Euro is due to the sale of a non-controlling interest in a bank for 519 thousand Euro, reclassifying the Valuation reserve made in previous years to profit or loss.

Formation of net profit from financial activities

The table below shows the formation of net profit from financial activities for the period starting from the previously mentioned net banking income, compared with the previous year.

FORMATION OF NET PROFIT FROM FINANCIAL ACTIVITIES (in thousands of Euro)	YEAR		CHANGE	
	2014	2013	ABSOLUTE	%
Net banking income	**280.930**	**264.196**	**16.734**	**6,3%**
Net impairment losses on:	(31.299)	(44.587)	13.288	(29,8)%
Receivables	(31.299)	(44.528)	13.229	(29,7)%
Available for sale financial assets	-	(59)	59	(100,0)%
Net profit from financial activities	**249.631**	**219.609**	**30.022**	**13,7%**

Net impairment losses on receivables stood at 31,3 million Euro, compared to 44,5 million Euro at 31 December 2013 (-29,7%). The period saw a decrease in new impaired loans, thanks to constantly improving lending standards and increasingly efficient credit management and monitoring processes.

The decrease in net impairment losses, due also to the significant effect of the collection of loans that had been previously written off and the change in the valuation of receivables in light of improved collection estimates, resulted in a remarkable improvement in the ratio of *credit risk cost* to the Group's overall average loan balance over the last 12 months, down to 145 bp from 244 bp at 31 December 2013. The bad-loan ratio of the trade receivables segment at 31 December 2014 was down to 1,3% from 2,6% in the previous year. The gross bad-loan coverage ratio of the trade receivables segment was 86,4%, up from 78,4% at 31 December 2013.

In the fourth quarter, net impairment losses amounted to 1,6 million Euro (-83,6% compared to the fourth quarter of 2013): 3,0 million Euro related to the trade receivables segment, while the DRL segment posted 1,2 million Euro in net reversals.

In light of the above trends, the Group's **net profit from financial activities** totalled 249,6 million Euro, compared to 219,6 million Euro at 31 December 2013, up 13,7%.

The net profit from financial activities in the Trade Receivables segment soared 50,7% to 122,5 million Euro from 81,3 million Euro at 31 December 2013, due to rising net banking income and falling impairment losses on loans and receivables; the DRL segment posted 31,5 million Euro, compared to 27,8 million Euro at 31 December 2013 (+13,1%). As for the mentioned sale of part of the DRL portfolio, it concerned over 26.700 receivables from bills of exchange, with a Book Value of 48,1 million Euro and sold for 51,7 million Euro. Throughout 2014, this portfolio contributed 12,0 million Euro to the Bank's net interest income. This sale must be put into the perspective of a strategic vision concerning the Bank's presence, with a focus on creating value for all stakeholders – originators, households, and shareholders. Creating value depends on the length of time and the rate of return: striking the right balance in managing the various portfolios allows to maximise the achievement of shared goals.

Net profit from financial activities in the Tax Receivables area rose 16,3% to 11,3 million Euro from 9,7 million Euro at 31 December 2013, whereas the Governance and Services segment was down 16,3%, from 100,8 million Euro in 2013 to 84,3 million Euro.

The DRL segment’s performance was influenced by both the mentioned positive impact of the sale of part of the NPL portfolio and the new credit collection system, involving a higher use of settlement plans (expression of willingness) instead of bills of exchange. It should be noted that a total 122,2 million Euro were raised using the above-mentioned instruments in 2014, while in the prior year bills of exchange – the only available instalment option – brought in 79,0 million Euro. Collections made in 2014 amounted to 32,6 million, compared to 28,8 million in the prior year. In particular, settlement plans agreed with the debtors (generating an increase in debtors’ underwriting) impact the income statement about one quarter after the date they are signed, due to the conservative approach adopted by the Bank. They are recognised at amortised cost only once the customer has paid an amount at least equal to three monthly instalments.

In the **fourth quarter, net profit from financial activities** totalled 68,5 million Euro (+14,1% compared to 60,0 million Euro in the prior-year period). Trade receivables contributed 36,5 million Euro (+34,6% compared to 27,1 million Euro in the fourth quarter of 2013); the DRL segment added 11,2 million Euro (+64,1% compare to 6,8 million Euro in the prior-year period); tax receivables registered 3,0 million Euro (+78,2% compared to 1,7 million Euro in the fourth quarter of 2013); and the Governance and Services segment contributed 17,8 million Euro, compared to 24,4 million Euro at 31 December 2013 (-27,1%).

Formation of profit for the year

The table below shows the formation of the Group's profit for the year starting from the previously mentioned net profit from financial activities, compared with the previous year.

FORMATION OF PROFIT FOR THE YEAR (in thousands of Euro)	YEAR		CHANGE	
	2014	2013	ABSOLUTE	%
Net profit from financial activities	**249.631**	**219.609**	**30.022**	**13,7%**
Operating costs	(104.688)	(76.348)	(28.340)	37,1%
Pre-tax profit from continuing operations	**144.943**	**143.261**	**1.682**	**1,2%**
Income tax expense	(49.067)	(58.420)	9.353	(16,0)%
Profit for the year	**95.876**	**84.841**	**11.035**	**13,0%**

At 31 December 2014, operating costs were up 37,1%, from 76,3 million Euro in 2013 to 104,7 million Euro. The increase was mostly due to the DRL segment and consulting expenses for new development projects. Specifically, a sizeable portion of the costs incurred by the DRL segment can be attributed to commissions paid to debt collection agents and companies, also in relation to the sale of the portfolio of bills of exchange and the collection of information on customers. Furthermore, stamp duty costs relating to retail funding increased from 0,15% in 2013 to 0,20% in 2014.

OPERATING COSTS (in thousands of Euro)	YEAR		CHANGE	
	2014	2013	ABSOLUTE	%
Personnel expenses	42.553	37.094	5.459	14,7%
Other administrative expenses	59.319	39.022	20.297	52,0%
Allocation to provisions for risks and charges	1.613	215	1.398	650,2%
Net impairment losses on tangible and intangible assets	3.239	3.004	235	7,8%
Other operating income(expenses)	(2.036)	(2.987)	951	(31,8)%
Total operating costs	**104.688**	**76.348**	**28.340**	**37,1%**

Personnel expenses, totalling 42,6 million Euro at 31 December 2014, rose 14,7% compared to 2013; this increase is essentially the result of the higher number of Group's employees, amounting to 618 at the end of the period (compared to 548 at 31 December 2013).

Other administrative expenses at 31 December 2014 reached 59,3 million Euro, compared to 39,0 million Euro in 2013 (+52,0%).

This increase was essentially attributable to the reasons already mentioned with reference to operating costs.

Please note that part of the expenses included in this item (in particular legal expenses and indirect taxes) is charged back to customers and the relevant revenue is recognised under other operating income. Net of this component, other administrative expenses totalled 55,8 million Euro, compared to 35,0 million Euro at 31 December 2013 (+59,2%).

Net impairment losses on intangible assets largely refer to IT devices and at 31 December 2014 stood at 1,8 million Euro, down +2,9% from 2013.

Net impairment losses on property, plant and equipment and investment property totalled 1,4 million Euro, compared to 1,2 million Euro at 31 December 2013 (+15,1%).

Other net operating income totalled 2,0 million Euro (-31,8% compared to 2013) and refers mainly to revenue from the recovery of expenses charged to third parties. The relevant cost item is included in other administrative expenses, namely under legal expenses and indirect taxes.

Pre-tax profit for the year stood at 144,9 million Euro, compared to 143,3 million Euro at 31 December 2013, up 1,2%.

The corresponding figure for the fourth quarter was 33,5 million Euro (38,6 million Euro in the prior-year period).

Income tax expense amounted to 49,1 million Euro, down 16,0% from the prior year (58,4 million Euro). The Group's tax rate fell from 40,8% at 31 December 2013 to 33,8% at 31 December 2014, largely due to the negative one-off impact of the changes introduced by the 2014 Budget Law (Law 147 of 27/12/2013) on the previous year.

Profit for the year totalled 95,9 million Euro, compared to 84,4 million Euro in 2013 (+13,0%).

The corresponding figure for the fourth quarter was 21,7 million Euro, compared to 17,7 million Euro in the prior-year period (+22,3%), also as a result of the mentioned effects on income tax expense.

In the absence of profit attributable to non-controlling interests, these results refer entirely to the Group.

(in thousands of Euro)	YEAR 2014		YEAR 2013	
	EQUITY	OF WHICH PROFIT FOR THE YEAR	EQUITY	OF WHICH PROFIT FOR THE YEAR
Parent company balance	433.159	94.396	376.240	83.404
Difference compared to the carrying amounts of the companies consolidated line by line	4.691	1.480	4.083	1.437
- *IFIS Finance Sp. Zo.o.*	*4.691*	*1.480*	*4.083*	*1.437*
Group consolidated balance	**437.850**	**95.876**	**380.323**	**84.841**

Contribution of business segments

The organisational structure

The model for segment reporting is in line with the organisational structure used by the Head Office to analyse Group results and is broken down into the following segments: Trade Receivables, Distressed Retail Loans, Tax Receivables, Governance and Services.

The Governance and Services segment manages the Group's financial resources and allocates funding costs to operating segments and subsidiaries through the Group's internal transfer rate system. The internal transfer rate system was updated effective 1 July 2013 to correctly represent the contribution of the different segments to the Group's results, accounting for the changes in the current situation and outlook of financial markets.

Here below are the results achieved in the first nine months of 2014 by the various business segments, which will be analysed in the sections dedicated to the individual segments.

INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES[1]	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Figures at 31.12.2014	155.561	30.038	11.003	84.328	280.930
Figures at 31.12.2013	*129.702*	*24.374*	*9.287*	*100.833*	*264.196*
Change %	*19,9%*	*23,2%*	*18,5%*	*(16,4)%*	*6,3%*
Net profit from financial activities					
Figures at 31.12.2014	122.555	31.479	11.269	84.328	249.631
Figures at 31.12.2013	*81.319*	*27.826*	*9.690*	*100.774*	*219.609*
Change %	*50,7%*	*13,1%*	*16,3%*	*(16,3)%*	*13,7%*

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Net banking income					
Fourth quarter 2014	39.522	10.005	2.871	17.766	70.164
Fourth quarter 2013	*39.008*	*4.982*	*1.702*	*24.365*	70.057
Change %	*1,3%*	*100,8%*	*68,7%*	*(27,1)%*	*0,2%*
Net profit from financial activities					
Fourth quarter 2014	36.534	11.202	3.017	17.766	68.519
Fourth quarter 2013	*27.150*	*6.826*	*1.693*	*24.365*	60.034
Change %	*34,6%*	*64,1%*	*78,2%*	*(27,1)%*	*14,1%*

STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES	GROUP CONSOLIDATED TOTAL
Available for sale financial assets					
Figures at 31.12.2014	-	-	-	243.325	243.325
Figures at 31.12.2013	-	-	-	2.529.179	2.529.179
Change %	-	-	-	(90,4)%	(90,4)%
Held to maturity financial assets					
Figures at 31.12.2014	-	-	-	4.827.363	4.827.363
Figures at 31.12.2013	-	-	-	5.818.019	5.818.019
Change %	-	-	-	(17,0)%	(17,0)%
Due from banks					
Figures at 31.12.2014	-	-	-	274.858	274.858
Figures at 31.12.2013	-	-	-	415.817	415.817
Change %	-	-	-	(33,9)%	(33,9)%
Loans to customers					
Figures at 31.12.2014	2.455.052	135.429	119.473	104.376	2.814.330
Figures at 31.12.2013	1.938.415	127.945	90.282	140.291	2.296.933
Change %	26,7%	5,8%	32,3%	(25,6)%	22,5%
Due to banks					
Figures at 31.12.2014	-	-	-	2.258.967	2.258.967
Figures at 31.12.2013	-	-	-	6.665.847	6.665.847
Change %	-	-	-	(66,1)%	(66,1)%
Due to customers					
Figures at 31.12.2014	-	-	-	5.483.474	5.483.474
Figures at 31.12.2013	-	-	-	4.178.276	4.178.276
Change %	-	-	-	31,2%	31,2%

SECTOR KPIs (in thousands of Euro)	TRADE RECEIVABLES	DRLs	TAX RECEIVABLES	GOVERNANCE AND SERVICES
Turnover (1)				
Figures at 31.12.2014	8.312.798	n.a.	n.a.	n.a.
Figures at 31.12.2013	*5.701.892*	*n.a.*	*n.a.*	*n.a.*
Change %	*45,8%*	-	-	-
Nominal amount of receivables managed				
Figures at 31.12.2014	3.101.058	5.630.151	167.834	n.a.
Figures at 31.12.2013	*2.577.820*	*3.911.852*	*140.160*	*n.a.*
Change %	*20,3%*	*43,9%*	*19,7%*	-
Net bad loans/Loans to customers				
Figures at 31.12.2014	*1,3%*	*51,8%*	*0,0%*	n.a.
Figures at 31.12.2013	*2,6%*	*52,0%*	*0,6%*	*n.a.*
Change %	*(1,3)%*	*(0,2)%*	*(0,6)%*	-
RWA (2)				
Figures at 31.12.2014	*1.802.978*	*135.426*	*37.595*	*187.560*
Figures at 31.12.2013	*1.561.355*	*127.945*	*33.292*	*227.883*
Change %	*15,5%*	*5,8%*	*12,9%*	*(17,7)%*

(1) Gross flow of the receivables sold by the customers in a specific period of time.
(2) Risk Weighted Assets

Trade receivables

This segment includes the following business areas:

- Italian Trade Receivables, dedicated to supporting the trade receivables of SMEs operating in the domestic market;
- Foreign Trade Receivables, for companies growing abroad or based abroad and working with Italian customers; this area includes IFIS Finance's operations in Poland;
- Pharma, supporting the trade receivables of local health services' suppliers.

The +19,9% rise in the net banking income of the Trade Receivables segment (155,6 million Euro compared to 129,7 million Euro in the prior year) was mainly due to the higher number of financed companies (+13,1%, over 4.200 SMEs), with a turnover of 8,3 billion Euro compared to 5,7 billion Euro in 2013 (+45,8%), and the performance of the Pharma business area, which collected 22,2 million Euro in interest on arrears (compared to 7,8 million Euro in 2013) as it managed to bring various situations to a successful conclusion. A result achieved amid an acceleration in payments from Italy's Public Administration, with the Bank collecting 649,6 million Euro (compared to 586,1 million in 2013, +10,8%) and posting a turnover of 848,5 million Euro, +51,1% from 561,5 million Euro in the previous year.

Starting from 2014, interest on arrears includes a portion (one million Euro in the period) of the interest accruing from the estimated collection date on receivables from the Health Service: the Bank, based on historical data and available information, estimates that at least 20% can be recovered.

At 31 December 2014 the Bank accrued, but did not recognise, interest on arrears – calculated from the invoice's original maturity date – related to already collected receivables (totalling approximately 49,1 million Euro) as well as non-collected receivables (approximately 39,0 million Euro) due from the Public Administration.

The decrease in **net impairment losses on receivables** (from 48,4 million Euro in 2013 to 33,0 million Euro in 2014; -31,8%) shows the improved quality of the Bank's assets in a still negative reference market: new impaired loans slowed down thanks to constantly improving lending standards and increasingly efficient credit management and monitoring processes.

INCOME STATEMENT DATA (in thousands of Euro)	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Net interest income	92.331	68.086	24.245	35,6%
Net commission income	63.230	61.616	1.614	2,6%
Net banking income	**155.561**	**129.702**	**25.859**	**19,9%**
Net impairment losses on loans and receivables	(33.006)	(48.383)	15.377	(31,8)%
Net profit from financial activities	**122.555**	**81.319**	**41.236**	**50,7%**

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	4th Q 2014	4th Q 2013	CHANGE	
			ABSOLUTE	%
Net interest income	23.956	23.412	544	2,3%
Net commission income	15.566	15.596	(30)	(0,2)%
Net banking income	**39.522**	**39.008**	**514**	**1,3%**
Net impairment losses on loans and receivables	(2.988)	(11.858)	8.870	(74,8)%
Net profit from financial activities	**36.534**	**27.150**	**9.384**	**34,6%**

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Non-performing loans	33.049	50.804	(17.755)	(34,9)%
Substandard loans	37.857	61.796	(23.939)	(38,7)%
Restructured loans	14.374	8.351	6.023	72,1%
Past due loans	27.348	41.658	(14.310)	(34,4)%
Total net impaired loans	**112.628**	**162.609**	**(49.981)**	**(30,7)%**
Net performing loans	2.342.424	1.775.806	566.618	31,9%
Total loans to customers (cash)	**2.455.052**	**1.938.415**	**516.637**	**26,7%**

Loans to customers included in this segment are composed as follows: 27,1% are receivables due from the Public Administration (compared to 27.0% at 31 December 2013) and 72,9% due from the private sector (compared to 73% at 31 December 2013). The aforementioned change is due to both the acceleration in payments registered from the second half of 2013 and the increase in turnover recorded in the first nine months of 2014.

Net impaired loans decreased 30,7% from 162,6 million Euro to 112,6 million Euro.

The ratio of net bad loans to loans improved sharply, from 2,6% at the end of 2013 to 1,3% at 31 December 2014, as did the ratio of net substandard loans to loans, falling from 3,2% to 1,5%. The ratio of total net impaired loans to loans dropped from 8,4% at the end of 2013 to 4,6% at 31 December 2014. Net impaired loans amounted to 25,7% as a percentage of equity. (42,8%).

IMPAIRED TRADE RECEIVABLES (in thousands of Euro)	NON PERFORMING (1)	SUBSTANDARD	RESTRUC-TURED	PAST DUE	TOTAL
BALANCE AT 31.12.2014					
Gross amount	243.729	51.291	15.972	28.020	339.012
Incidence on gross total receivables	*9,1%*	*1,9%*	*0,6%*	*1,0%*	*12,6%*
Adjustments	210.680	13.434	1.598	672	226.384
Incidence on gross value	*86,4%*	*26,2%*	*10,0%*	*2,4%*	*66,8%*
Net amount	33.049	37.857	14.374	27.348	112.628
Incidence on net total receivables	*1,3%*	*1,5%*	*0,6%*	*1,1%*	*4,6%*
BALANCE AT 31.12.2013					
Gross amount	234.681	72.302	9.395	42.432	358.810
Incidence on gross total receivables	*11,0%*	*3,4%*	*0,4%*	*2,0%*	*16,8%*
Adjustments	183.877	10.506	1.044	774	196.201
Incidence on gross value	*78,4%*	*14,0%*	*11,1%*	*1,8%*	*54,5%*
Net amount	50.804	61.796	8.351	41.658	162.609
Incidence on net total receivables	*2,6%*	*3,2%*	*0,4%*	*2,1%*	*8,4%*

(1) **Bad loans** are recognised in the financial statements up to the point in which all credit collection procedures have been entirely completed.

KPIs	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Turnover	8.312.798	5.701.892	2.610.906	45,8%
Net banking income/ Turnover	1,9%	2,3%	-	(0,4)%

KPIs y/y	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Net banking income/Due from customers	6,3%	6,7%	-	(0,4)%
Value adjustment on receivables/Due from customers	1,3%	2,5%	-	(1,2)%
Net non-performing loans/Due from customers	1,3%	2,6%	-	(1,3)%
Coverage of gross non-performing loans	86,4%	78,4%	-	8,0%
Impaired assets/ Due from customers	4,6%	8,4%	-	(3,8)%
Total RWA per sector	1.802.978	1.561.355	241.623	15,5%

The following table shows the nominal value of receivables purchased (operating data not recognised in the statements) for factoring transactions outstanding at the end of the period (Total Receivables), broken down into receivables with or without recourse and receivables purchased outright. Please note that the breakdown of purchased receivables in the following table is based on the contract form used by the Bank.

TOTAL RECEIVABLES (in thousands of Euro)	YEAR		CHANGE	
	31.12.2014	31.12.2013	ABSOLUTE	%
Receivables with recourse	2.000.116	1.832.762	167.354	9,1%
of which due from the Public Administration	391.943	*394.179*	*(2.236)*	*(0,6)%*
Receivables without recourse	201.131	146.515	54.616	37,3%
of which due from the Public Administration	*12.036*	*17.986*	*(5.950)*	*(33,1)%*
Outright purchases	899.811	598.543	301.268	50,3%
of which due from the Public Administration	655.035	*525.951*	*129.084*	*24,5%*
Total receivables	**3.101.058**	**2.577.820**	**523.238**	**20,3%**
of which due from the Public Administration	***1.059.014***	***938.116***	***120.898***	***12,9%***

The breakdown of customers by geographic area in Italy, with a separate indication for those abroad, and the breakdown of customers by product sector are as follows:

BREAKDOWN OF CUSTOMERS BY GEOGRAPHIC AREA	LOAN COMMITMENTS	TURNOVER
Northern Italy	48,2%	53,0%
Central Italy	22,2%	30,0%
Southern Italy	25,6%	12,1%
Abroad	4,0%	4,9%
Total	**100,0%**	**100,0%**

Distressed Retail Loans

This is the Banca IFIS Group's segment dedicated to non-recourse factoring and managing distressed retail loans. It serves households under the new CrediFamiglia brand.

The business is closely associated with recovering impaired loans. Loans in the DRL segment are classified as bad and substandard loans: in particular, those loans are initially attributed the same classification as that assigned by the invoice seller, provided the latter is subject to the same law as Banca IFIS; otherwise, if the Bank has not ascertained the debtor's state of insolvency, those loans are classified as substandard.

After initial recognition, at an amount equal to the price paid, receivables are measured at amortised cost, calculated using the effective interest rate method; the effective interest rate is calculated as the rate at which the present value of the expected cash flows (Internal Rate of Return, hereafter IRR), for principal and interest, is equal to the price paid. The Bank measures the individual receivables making up the purchased portfolio based on the assumption that the purchase price is the portfolio's fair value; the consideration paid by the Bank for the entire portfolio accounts for the possibility that some receivables lack proper documentation, also in light of due diligence findings.

Specifically, receivables in the DRL segment are recognised and measured through the following steps:

1. at the time of purchase, receivables are recognised by allocating the portfolio's purchase price among the individual receivables it consists of through the following steps:
   - recognition of the individual receivables at a value equal to the contract price, which is used for the purposes of reporting to the Central Credit Register;
   - after verifying the documentation, if provided in the contract, the Bank returns the loans lacking documentation or beyond the statute of limitations to the seller, and measures the fair value of receivables which actually exist and can be collected; finally, after sending a notice of assignment to the debtor, the Bank can start taking action to collect the receivable;
2. once the collection process begins, receivables are measured at amortised cost using the effective interest rate method;
3. the effective interest rate is calculated on the basis of the price paid, the transaction costs, if any, and the estimated cash flows and collection time calculated using either a proprietary statistical model (point 5), analytical estimates made by managers, or, in the case of bills of exchange or agreements finalised with the creditor (the so-called settlement plans or expression of willingness), the relevant repayment plans;
4. the effective interest rate as set out in the previous point is unchanged over time;
5. the cash flows and collection time are estimated using a statistical model, on the basis of historical time series on revenues from similar portfolios over a statistically significant period of time;
6. repayment plans referring to bills of exchange or agreements finalised with the creditor are adjusted by a historical proportion of unpaid accounts;
7. at the end of each reporting period, interest income accrued on the basis of the original effective interest rate is recognised under Interest Income. Said interest is calculated as follows: Amortised Cost at the beginning of the period x IRR/365 x days in the period;
8. in addition, at the end of each reporting period, the expected cash flows for each position are re-estimated;
9. should events occur (higher or lower revenues realised or expected compared to forecasts and/or a change in collection times) which cause a change in the amortised cost (calculated by discounting the new cash flows at the original effective rate compared to the amortised cost in the period), this change is also recognised under Interest Income, except in the situation set out in the following point;
10. should the loans be classified as bad loans, all the changes as set out in the previous point are recognised under Impairment losses/reversals on receivables;
11. should loans be classified as substandard, or should they be objectively impaired, the changes as set out in point 9) are recognised under Impairment losses/reversals on receivables; if an impairment loss had already been recognised, reversals can be recognised up to the amount of said impairment loss, recognising the surplus under Interest Income.

It is important to bear in mind that the recognition of the various economic elements under Interest Income and Impairment losses/reversals is purely for accounting purposes, since it is connected to the classification of receivables; on the other hand, from the viewpoint of business, the economic effects shall be considered on the whole and divided into two macro-categories: interest generated by the measurement at amortised cost (point 7) and the economic components due to the changes in cash flows (points 8-9-10-11).

DRL RECEIVABLES PERFORMANCE	(thousands of Euro)
Receivables portfolio at 31.12.2013	**127.945**
Purchases	56.309
Sales of receivables	(51.700)
Profit from sales	3.581
Interest income from amortised cost	26.675
Other components of net interest income from change in cash flow	3.809
Losses/Reversals of impairment losses from change in cash flow	1.441
Collections	(32.631)
Receivables portfolio at 31.12.2014	**135.429**

INCOME STATEMENT DATA (in thousands of Euro)	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Interest income from amortised cost	26.675	23.880	2.795	11,7%
Other interest income from change in cash flow	3.809	4.147	(338)	(8,2)%
Funding costs	(4.027)	(3.653)	(374)	10,2%
Net interest income	**26.457**	**24.374**	**2.083**	**8,5%**
Profit from sale of receivables	3.581	-	3.581	n.a.
Net banking income	**30.038**	**24.374**	**5.664**	**23,2%**
Net impairment losses/recoveries on loans and receivables	1.441	3.452	(2.011)	(58,3)%
Net profit from financial activities	**31.479**	**27.826**	**3.653**	**13,1%**

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	4th Q 2014	4th Q 2013	CHANGE	
			ABSOLUTE	%
Interest income from amortised cost	6.518	6.265	253	4,0%
Other interest income from change in cash flow	960	(406)	1.366	(336,5)%
Funding costs	(1.054)	(877)	(177)	20,2%
Net interest income	**6.424**	**4.982**	**1.442**	**28,9%**
Profit from sale of receivables	3.581	-	3.581	n.a.
Net banking income	**10.005**	**4.982**	**5.023**	**100,8%**
Net impairment losses/recoveries on loans and receivables	1.197	1.844	(647)	(35,1)%
Net profit from financial activities	**11.202**	**6.826**	**4.376**	**64,1%**

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Non-performing loans	70.089	66.505	3.584	5,4%
Substandard loans	65.337	61.440	3.897	6,3%
Restructured loans	-	-	-	-
Past due loans	-	-	-	-
Total net impaired loans	**135.426**	**127.945**	**7.481**	**5,8%**
Net performing loans	3	-	3	n.a.
Total loans to customers (cash)	**135.429**	**127.945**	**7.484**	**5,8%**

KPIs	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	5.630.151	3.911.852	1.718.299	43,9%
Total RWA per sector	135.426	127.945	7.481	5,8%

During the period, the counterparties settled their debt mainly according to the following methods:

- in cash (postal orders, bank transfers, etc.);
- by signing bills of exchange;
- settlement plans agreed with the debtors.

In particular, 32,6 million Euro in cash were collected, essentially in line with expectations; as for the bills of exchange, the new bills amounted to 49,5 million Euro, down compared to 79 million Euro in the prior-year period. This fall was expected due to the change in the credit collection method that, with an expected increase in debtor's underwriting, now prefers settlements plans agreed with debtors. In 2014, this choice led to settlement plans totalling 72,7 million Euro. It should be noted that the above-mentioned financial instruments totalled 122,2 million Euro in 2014, compared to 79 million Euro in 2013.

The economic performance in the period was affected by the aforementioned trends in collection. In particular, the collection from settlement plans, due to the conservative approach adopted by the Bank to calculate the amortised cost, impact the income statement about one quarter after the date they are signed, i.e. when the customer has paid an amount at least equal to three monthly instalments.

The purchases made in the period led to the acquisition of financial receivables portfolios with a par value of 2.026 million Euro at a price of 56,3 million Euro (i.e. 2,8% of the par value), consisting of 213.174 cases.

Furthermore, to strike a balance between the operations of the business units and the interests of the various stakeholders, in late 2014 the Bank sold a portfolio of bills of exchange with a par value of 219 million Euro and a Book Value of 48,1 million Euro, adding 3,6 million Euro to net banking income.

As a result of these transactions, the portfolio managed by the DRL segment covers 775.252 cases, for a par value of 5.630,2 million Euro.

Tax receivables

It is Banca IFIS Group's segment specialised in purchasing tax receivables arising from insolvency proceedings; it operates under the Fast Finance brand and offers to buy both accrued and accruing tax receivables on which repayment has already been requested or which shall be requested in the future, and that arose during insolvency proceedings or in prior years. As a complement to its core business, this segment seldom acquires also trade receivables from insolvency proceedings.

Since the Public Administration is the counterparty, tax receivables are classified as performing; trade receivables, on the other hand, may be classified as impaired loans, if required.

TAX RECEIVABLES PERFORMANCE	(thousands of Euro)
Receivables portfolio at 31.12.2013	**90.282**
Purchases	42.608
Interest income from amortised cost	9.894
Other components of net interest income from change in cash flow	3.608
Reversals of impairment losses from change in cash flow	266
Collections	(27.185)
Receivables portfolio at 31.12.2014	**119.473**

INCOME STATEMENT DATA (in thousands of Euro)	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Net interest income	11.003	9.287	1.716	18,5%
Net banking income	**11.003**	**9.287**	**1.716**	**18,5%**
Net impairment losses/recoveries on loans and receivables	266	403	(137)	(34,0)%
Net profit from financial activities	**11.269**	**9.690**	**1.579**	**16,3%**

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	4th Q 2014	4th Q 2013	CHANGE	
			ABSOLUTE	%
Net interest income	2.871	1.702	1.169	68,7%
Net banking income	**2.871**	**1.702**	**1.169**	**68,7%**
Net impairment losses/recoveries on loans and receivables	146	(9)	155	(1.722,2)%
Net profit from financial activities	**3.017**	**1.693**	**1.324**	**78,2%**

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Non-performing loans	-	499	(499)	(100,0)%
Substandard loans	34	-	34	(34)
Restructured loans	-	-	-	-
Past due loans	-	-	-	-
Total net impaired loans	**34**	**499**	**(465)**	**(93,2)%**
Net performing loans	119.439	89.783	29.656	33,0%
Total loans to customers (cash)	**119.473**	**90.282**	**29.191**	**32,3%**

KPI	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Nominal amount of receivables managed	167.834	140.160	27.674	19,7%
Total RWA per sector	37.595	33.292	4.303	12,9%

Net banking income is generated by the interest accrued according to the amortised cost method and funding costs allocated to the segment; specifically, the positions acquired over the last few years are making a growing contribution to profit or loss.

The Tax Receivables segment posted 11,0 million Euro (9,3 million Euro in 2013, +18,5%). The two figures cannot be compared on a like-for-like basis: the result at 31 December 2013 included the double impact of the revision of estimated cash flows, higher than expected, and debt collection time, shorter than expected, with a 5,2 million Euro non-recurring positive contribution to net banking income. A non-recurring item, amounting to 1,2 million Euro, was recognised also during this year. It refers to the collection of a loan previously written off by the former Fast Finance. Net of these non-recurring items, net banking income more than doubled from the previous year, rising from 4,1 million Euro in 2013 to 9,8 million Euro in 2014.

During the period, 27,2 million Euro were collected, in line with estimates; 454 receivables were acquired at an average price of 42,6 million Euro, i.e. approximately 68,5% of the par value of the tax receivables net of enrolments (i.e. 62,2 million Euro).

With these purchases, the portfolio managed by the segment covers 4.938 cases, for a par value of 167,8 million Euro and a book value of 119,5 million Euro.

Governance and services

Within the scope of its management and coordination activities, the Governance and Services segment exercises strategic, managerial, and technical-operational control over operating segments and subsidiaries.

Furthermore, it provides the operating segments and subsidiaries with the financial resources and services necessary to perform their respective business activities. The Internal Audit, Compliance, Risk Management, Communications, Strategic Planning and Management Control, Administration and General Affairs, Human Resources, Organisation and ICT functions, as well as the structures responsible for raising, allocating (to operating segments and subsidiaries), and managing financial resources, are centralised in the Parent Company.

Specifically, this segment includes both the contribution of the securities portfolio to net interest income for the period, amounting to 103,9 million Euro – compared to 126,3 million Euro in 2013 – and the cost of retail funding exceeding core loans and held in order to guarantee an adequate level of liquidity under economic stress scenarios.

INCOME STATEMENT DATA (in thousands of Euro)	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Net interest income	88.673	104.997	(16.324)	(15,5)%
Net commission income	(4.878)	(4.452)	(426)	9,6%
Dividend and net result from trading	533	288	245	85,1%
Net banking income	**84.328**	**100.833**	**(16.505)**	**(16,4)%**
Net impairment losses on receivables and other financial assets	-	(59)	59	(100,0)%
Net profit from financial activities	**84.328**	**100.774**	**(16.446)**	**(16,3)%**

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	4th Q 2014	4th Q 2013	CHANGE	
			ABSOLUTE	%
Net interest income	18.431	25.660	(7.229)	(28,2)%
Net commission income	(796)	(1.199)	403	(33,6)%
Dividend and net result from trading	131	(96)	227	(236,5)%
Net banking income	**17.766**	**24.365**	(6.599)	(27,1)%
Net impairment losses on receivables and other financial assets	-	-	-	-
Net profit from financial activities	**17.766**	**24.365**	(6.599)	(27,1)%

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Available for sale financial assets	243.325	2.529.179	(2.285.854)	(90,4)%
Held to maturity financial assets	4.827.363	5.818.019	(990.656)	(17,0)%
Due from banks	274.858	415.817	(140.959)	(33,9)%
Loans to customers	104.376	140.291	(35.915)	(25,6)%
Due to banks	2.258.967	6.665.847	(4.406.880)	(66,1)%
Due to customers	5.483.474	4.178.276	1.305.198	31,2%

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Non-performing loans	-	-	-	-
Substandard loans	-	-	-	-
Restructured loans	-	-	-	-
Past due loans	-	-	-	-
Total net impaired loans	**-**	**-**	**-**	**-**
Net performing loans	104.376	140.291	(35.915)	(25,6)%
Total loans to customers (cash)	**104.376**	**140.291**	**(35.915)**	**(25,6)%**

KPIs	31.12.2014	31.12.2013	CHANGE	
			ABSOLUTE	%
Total RWA per sector	187.560	227.883	(40.323)	(17,7)%

The Governance and Services segment saw its receivables fall by 35,9 million Euro (-25,6%) mainly due to 52,7 million Euro in reverse repurchase agreements with Cassa di Compensazione e Garanzia coming to maturity. Such fall was partially offset by the 22,6 million Euro increase in margin lending with Cassa di Compensazione e Garanzia related to repurchase agreements in government bonds on the MTS platform.

Significant events occurred during the year

Banca IFIS transparently and timely discloses information to the market, constantly publishing information on significant events through press releases. Please refer to the "Investor Relations\Press Releases" section on the website www.bancaifis.it for complete details.

http://www.bancaifis.com/Media-room/Press-releases

Here below is a summary of the most important events:

End of the securitisation process

In October 2013, the revolving period of the securitisation started in October 2008 with IFIS Collection Services S.r.l., a special purpose vehicle set up for this transaction, ended. The amortisation period, during which the securities issued by the vehicle, amounting to 328 million Euro, were reimbursed in full, ended on 24 February 2014, when the termination letters were signed. On the same day, the Bank bought back the portfolio of receivables sold to the vehicle and not collected.

Sale of ordinary shares by La Scogliera

On 10 March 2014, La Scogliera S.p.A. sold 2.168.332 ordinary shares in Banca IFIS S.p.A., representing 4,03% of the share capital, for 28,2 million Euro, following the requests of two major international institutional investors at a price of 13 euro per share.

As a result, La Scogliera owns approximately 52,6% of Banca IFIS's share capital, subject to a 180-day lock-up period starting from the date of 10 March 2014.

Appointment of new Independent Auditors

In its meeting of 17 April 2014, the Bank's Shareholders' Meeting, upon proposal by the Board of Statutory Auditors, assigned Reconta Ernst & Young S.p.A. the task of performing the audit of the Bank's separate and consolidated financial statements for the period 2014-2022 and the additional duties closely related to audit activities.

Purchase of a DRL segment portfolio

On 4 July 2014 Banca IFIS announced the purchase of a Non-Performing Loans portfolio in the Personal Loans and Credit cards/Revolving segments of the Consumer Credit segment. This is the largest portfolio purchased by the Bank so far, with a par value of 1.263,0 million Euro, and consisting of over 120.000 positions of Italian households.

Cancellation of Government-backed bonds

On 15 October 2014 Banca IFIS, after having obtained the necessary authorisations, cancelled its bonds backed by the Italian Government in full. Such bonds, issued in January 2012 for a total amount of 207 million Euro, had been bought back in full by the Bank at the time of issue and were never placed on the market.

Significant subsequent events

No significant events occurred between the end of the year and the preparation of the financial statements.

Outlook

The Group's prospects for 2015 are positive, even though it faces an economic scenario characterised by high uncertainty over the time it will take to eventually see tentative signs of a recovery.

On the economic front, expectations are still definitely negative. It will be several quarters before GDP returns to growth; inflation is expected to fall to nearly zero or even into negative territory, significantly below the European Central Bank's target, mainly due to the staggering fall of raw material prices, chief among them oil; unemployment, especially among the young and in Italy's south, still prevents consumer spending from recovering.

As for the European monetary policy, after the recent actions aimed at reducing the cost of money for the banks operating in the Eurosystem, the ECB seems keen to intervene much more actively in the market: the impact on the availability of lending to the real economy and the costs/returns of debt and assets remain to be seen. The current imbalance in the Eurozone would require stronger price rises, notably in Northern countries. This scenario is not likely to materialise for political reasons, requiring more radical reforms in Europe's South. However, within this context, supply-side policies may not be sufficient, if they are not supported by demand-side measures. Furthermore, the EU common policy will seemingly not generate positive systematic solutions. The challenges that some Euro area countries – chief among them Greece – will face are only partly mitigated by the low interest rates on public debts.

Amid this already complicated backdrop came the oil price crash. On the one hand, it is good news for an energy importer such as Italy; on the other hand, it is having a one-off impact on energy prices, increasing the risk of deflation.

The Bank can count on sustainable margins thanks to the soundness and flexibility of its business model.

It appears impossible to leave the crisis behind without restarting the flow of credit to the economy. Our lending to businesses may be positively influenced by the opportunities to acquire new customers and new loans. A key factor is the protracted scarce availability of lending to businesses. This is attributable to both non-specialist banks' use of conventional credit instruments in supporting businesses and lenders' focus on improving equity ratios, aimed at reducing risks or at least the capital absorption of loans of players with lower credit ratings. The performance will in any case depend on the trend in credit quality, a key variable for the banking market in challenging economic times. Should the excellent signs registered by the Bank in this sense be confirmed once again, it would bolster the Group's operations as far as lending to SMEs is concerned. This could both prompt the Bank to step up its efforts and positively impact returns on loans net of credit costs.

As far as non-performing loans are concerned, the Bank will continue to pay attention to the several portfolios of receivables due from households that originators will place on the market. The outcome of bids will also be influenced by the attention paid by international operators to offers and prices.

The Bank will relentlessly continue to buy the portfolios offered by the sellers in all segments, adopting also innovative direct approaches to intervene faster.

Concerning the management of Non-Performing Loans, the sale in the fourth quarter of 2014 of the sizeable portfolio of bills of exchange resulting from approaches that are gradually being discontinued should mark a change that will allow the bank to better focus its operations.

The focus on debt sustainability, the possibility of extending debtors' payments terms, and establishing a constant dialogue at low costs will most likely be crucial to boost the turnover and profitability of this business area, which operates in a social segment that has been badly hit by the crisis. In this segment, the introduction of new collection and management instruments and the necessarily conservative accounting of expected cash flows temporarily influenced the business area's results. The expected acceleration will depend on the continuation of this negative trend and on any difficulties arising from the implementation of the new collection methods, through which the Bank can often sharply improve the quality of its portfolios, with long-term effects, following particularly strict margin recognition policies.

As for the Tax Receivables segment, which is strongly dependent on the time it takes for the Italian Treasury to make payments, the Bank is very actively acquiring often sizeable positions, given the good medium-term profitability of these investments.

The Group will continue to develop its two brands, Credi Impresa Futuro and CrediFamiglia, dedicated to financing companies operating in the domestic market and ensuring households settle their financial debts, respectively. Both brands will grow further thanks to their increasingly sophisticated web presence and, especially in the case of Credi Impresa Futuro, the fast ways to communicate with customers.

As for funding, the reduction in interest rates paid to customers due to market changes caused a further significant fall in the average cost of funding, and will continue to do so going forward, also as a result of term deposits with high interest rates coming to maturity. The closely monitored decrease in funding is slight in absolute terms compared to the very high opening levels, and retail funding shall not increase further in order to prevent economic imbalances deemed unnecessary in the current scenario.

The current trends in market rates have made it no longer profitable for the Bank to continue purchasing government bonds, which ended at the end of 2013. The portfolio will continue to shrink over time as the bonds mature. Presumably, refinancing operations will continue with funding costs hovering around zero.

In light of the above, the Group can reasonably expect to remain profitable also in 2015.

Venice - Mestre, 20 January 2015

For the Board of Directors

The Chairman

Sebastien Egon Fürstenberg

The C.E.O.

Giovanni Bossi

Preliminary Consolidated Financial Results

Consolidated Statement of Financial Position

	Assets (in thousands of Euro)	31.12.2014	31.12.2013
10.	Cash and cash equivalents	24	30
20.	Financial assets held for trading	-	10
40.	Available for sale financial assets	243.325	2.529.179
50	Held to maturity financial assets	4.827.363	5.818.019
60.	Due from banks	274.858	415.817
70.	Due from customers	2.814.330	2.296.933
120.	Property, plant and equipment and investment property	50.682	40.739
130.	Intangible assets	6.556	6.361
	of which:		
	- goodwill	*819*	*837*
140.	Tax assets:	40.314	37.922
	a) current	1.972	3.940
	b) deferred	38.342	33.982
160.	Other assets	51.842	192.787
	Total assets	**8.309.294**	**11.337.797**

	Liabilities and equity (in thousands of Euro)	31.12.2014	31.12.2013
10.	Due to banks	2.258.967	6.665.847
20.	Due to customers	5.483.474	4.178.276
40.	Financial liabilities held for trading	-	130
80.	Tax liabilities:	14.338	17.362
	a) current	70	1.022
	b) deferred	14.268	16.340
100.	Other liabilities	111.059	93.844
110.	Post-employment benefits	1.618	1.482
120.	Provisions for risks and charges	1.988	533
	b) other reserves	1.988	533
140.	Valuation reserves	(109)	10.959
170.	Reserves	237.874	163.055
180.	Share premiums	57.113	75.560
190.	Share capital	53.811	53.811
200.	Treasury shares (-)	(6.715)	(7.903)
220.	Profit (loss) for the year (+/-)	95.876	84.841
	Total liabilities and equity	**8.309.294**	**11.337.797**

Consolidated Income Statement

	Items (in thousands of Euro)	31.12.2014	31.12.2013
10.	Interest receivable and similar income	311.727	345.747
20.	Interest due and similar expenses	(93.263)	(139.003)
30.	**Net interest income**	**218.464**	**206.744**
40.	Commission income	64.827	63.348
50.	Commission expense	(6.475)	(6.184)
60.	**Net commission income**	**58.352**	**57.164**
70.	Dividends and similar income	-	84
80.	Net profit (loss) from trading	302	193
100.	Profit (loss) from sale or buyback of:	3.812	11
	a) receivables	3.581	
	b) available for sale financial assets	231	11
120.	**Net banking income**	**280.930**	**264.196**
130.	Net impairment losses/reversal on	(31.299)	(44.587)
	a) receivables	(31.299)	(44.528)
	b) available for sale financial assets	-	(59)
140.	**Net profit from financial activities**	**249.631**	**219.609**
180.	Administrative expenses:	(101.872)	(76.116)
	a) personnel expenses	(42.553)	(37.094)
	b) other administrative expenses	(59.319)	(39.022)
190.	Net allocations to provisions for risks and charges	(1.613)	(215)
200.	Net impairment losses/reversal on plant, property and equipment	(1.396)	(1.213)
210.	Net impairment losses/reversal on intangible assets	(1.843)	(1.791)
220.	Other operating income (expenses)	2.036	2.987
230.	**Operating costs**	**(104.688)**	**(76.348)**
280.	**Pre-tax profit (loss) for the year from continuing operations**	**144.943**	**143.261**
290.	Income taxes for the year relating to current operations	(49.067)	(58.420)
340.	**Profit (loss) for the year attributable to the parent company**	**95.876**	**84.841**

Consolidated Statement of Comprehensive Income

	Items (in thousands of Euro)	31.12.2014	31.12.2013
10.	**Profit (loss) for the period**	**95.876**	**84.841**
	Other comprehensive income, net of taxes, without reversal to income statement	**(186)**	**76**
20.	Property, plant and equipment	-	-
30.	Intangible assets	-	-
40.	Defined benefit plans	(186)	76
50.	Non-current assets under disposal:	-	-
60.	Share of reserves from valuation of investments at equity	-	-
	Other comprehensive income, net of taxes, with reversal to income statement	**(10.882)**	**10.124**
70.	Hedges of foreign investments	-	-
80.	Exchange differences	(871)	(554)
90.	Hedges of cash flows	-	(30)
100.	Available for sale financial assets	(10.011)	10.708
110.	Non-current assets under disposal	-	-
120.	Share of reserves from valuation of investments at equity	-	-
130.	**Total other comprehensive income, net of taxes**	**(11.068)**	**10.200**
140.	**Total comprehensive income (item 10+130)**	**84.808**	**95.041**
150.	Total consolidated comprehensive income attributable to non-controlling interests	-	-
160.	**Total consolidated comprehensive income attributable to the parent company**	**84.808**	**95.041**

GruppoBancaIFIS

Statement of Changes in Consolidated Equity at 31 December 2014

				Allocation of profit from previous year		Changes occurred during the year										
							Equity transactions									
	Balance at 31/12/2013	Change in opening balances	Balance at 1/1/2014	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Buyback of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock Options	Changes in shareholdings	Comprehensive income for the year 2014	Equity attributable to the Group at 31/12/2014	Equity attributable to non-controlling interests at 31/12/2014
Share capital																
a) ordinary shares	53.811	-	53.811	-	-	-	-	-	-	-	-	-	-	-	**53.811**	**-**
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Share premiums	75.560	-	75.560	-	-	(20.000)	1.553	-	-	-	-	-	-	-	**57.113**	**-**
Reserves:																
a) of profit	141.246	-	141.246	54.675	-	-	-	-	-	-	-	-	-	-	**195.921**	**-**
b) other	21.809	-	21.809	-	-	20.144	-	-	-	-	-	-	-	-	**41.953**	**-**
Valuation reserves	10.959	-	10.959	-	-	-	-	-	-	-	-	-	-	(11.068)	**(109)**	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Treasury shares	(7.903)	-	(7.903)	-	-	-	1.188	-	-	-	-	-	-	-	**(6.715)**	**-**
Profit (loss) for the year	84.841	-	84.841	(54.675)	(30.166)	-	-	-	-	-	-	-	-	95.876	**95.876**	**-**
Equity attributable to the Group	**380.323**	**-**	**380.323**	**-**	**(30.166)**	**144**	**2.741**	-	-	-	-	-	-	**84.808**	**437.850**	**-**
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Statement of Changes in Consolidated Equity at 31 December 2013

	Balance at 31/12/2012	Change in opening balances	Balance at 1/1/2013	Allocation of profit from previous year		Changes occurred during the year									Equity attributable to the Group at 31/12/2013	Equity attributable to non-controlling interests at 31/12/2013
							Equity transactions									
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Buyback of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock Options	Changes in shareholdings	Comprehensive income for the year 2013		
Share capital																
a) ordinary shares	53.811	-	53.811	-	-	-	-	-	-	-	-	-	-	-	**53.811**	**-**
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Share premiums	73.188	-	73.188	-	-	-	2.372	-	-	-	-	-	-	-	**75.560**	**-**
Reserves:																
a) of profit	82.556	-	82.556	58.690	-	-	-	-	-	-	-	-	-	-	**141.246**	**-**
b) other	21.815	-	21.815	-	-	(6)	-	-	-	-	-	-	-	-	**21.809**	**-**
Valuation reserves	759	-	759	-	-	-	-	-	-	-	-	-	-	10.200	**10.959**	**-**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Treasury shares	(1.340)	-	(1.340)	-	-	-	2.364	(8.927)	-	-	-	-	-	-	**(7.903)**	**-**
Profit (loss) for the year	78.228	-	78.228	(58.690)	(19.538)	-	-	-	-	-	-	-	-	84.841	**84.841**	**-**
Equity attributable to the Group	**309.017**	**-**	**309.017**	**-**	**(19.538)**	**(6)**	**4.736**	**(8.927)**	**-**	**-**	**-**	**-**	**-**	**95.041**	**380.323**	**-**
Equity attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**