BANCA FINNAT

GRUPPO BANCA FINNAT

FINANCIAL STATEMENTS AT 31 DECEMBER 2014 - 85TH FINANCIAL YEAR

FINANCIAL STATEMENTS

AT 31 DECEMBER 2014

85TH FINANCIAL YEAR

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CORPORATE BODIES

BOARD OF DIRECTORS

Carlo Carlevaris
Honorary Chairman

Giampietro Nattino
Chairman

Leonardo Buonvino
Deputy Chairman

Arturo Nattino
Managing Director

Ermanno Boffa
Director

Francesco Caltagirone
Director

Roberto Cusmai
Director

Giulia Nattino
Director

Lupo Rattazzi
Director

Saverio Rizzuti
Director

Marco Tofanelli
Director

BOARD OF STATUTORY AUDITORS

Alberto De Nigro
Chairman

Alessandro de' Micheli
Permanent Auditor

Francesco Minnetti
Permanent Auditor

Aldo Sica Amaduzzi
Alternate Auditor

Antonio Staffa
Alternate Auditor

MANAGEMENT

Arturo Nattino
General Manager

Paolo Collettini
Joint General Manager
Manager in charge of preparing the accounting documents

Alberto Alfiero
Deputy General Manager

Giulio Bastia
Deputy General Manager

AUDITING FIRM
Reconta Ernst & Young S.p.A.

On 10 June 2014, Mr Angelo Nattino, Vice-Chairman of the Board of Directors of the Parent Company, passed away. We remember his high professionalism and extraordinary human qualities.

NOTICE OF CALL OF GENERAL SHAREHOLDERS' MEETING

Notice is hereby given to the Shareholders of Banca Finnat Euramerica S.p.A. that the General Shareholders' Meeting will be held at the Bank's Registered Office in Rome (Palazzo Altieri - Piazza del Gesù, 49) on 28 April 2015 at 10.00 a.m. in first call and on 29 April 2015 in second call, same place and time, to discuss and resolve on the following:

AGENDA

1. Statutory financial statements for the year ended 31 December 2014 complete with the related reports by the Board of Directors, the Board of Statutory Auditors and the Auditing Firm. Proposed allocation of the year's profit. Inherent and consequent resolutions. Presentation of the consolidated financial statements at 31 December 2014;
2. Appointment of the members of the Board of Directors for the years ending 31 December 2015, 2016 and 2017, after the definition of their number; definition of their compensation; inherent and consequent resolutions;
3. Appointment of the Honorary Chairman and definition of the term of office; determination of his/her compensation;
4. Appointment of the members of the Board of Statutory Auditors and of its Chairman for the years ending 31 December 2015, 2016 and 2017, definition of their compensation; inherent and consequent resolutions;
5. Authorisation to the purchase and/or disposal of treasury shares: inherent and consequent resolutions;
6. Report on remuneration in accordance with Article 123-ter of Italian Legislative Decree no. 58/98, including disclosure on the remuneration policies for Directors, Employees and outside workers who are not employees. Inherent and consequent resolutions.

* * * * *

PARTICIPATION IN SHAREHOLDERS' MEETINGS

In accordance with Article 8 of the articles of association, all those able to prove their legitimate presence in accordance with the methods prescribed by current legislation may attend the shareholders' meeting. The right to attend and exercise voting rights is certified by a communication to the Company, made through a qualified intermediary in favour of the party with voting rights, on the basis of the evidence relating to the terms of the accounting date of the seventh trading day prior to the date set for the shareholders' meeting (record date), i.e. Friday, 17 April 2015.
The credits or debits recorded on the accounts after said date shall not be relevant for the purposes of establishing the right to vote in the Shareholders' Meeting and, therefore, more specifically, those who can prove their ownership of ordinary shares only after the record date shall not be entitled either to participate or to vote in this Ordinary Shareholders' Meeting. The notice by the intermediary must reach the Bank no later than the third trading day prior to the date set for the shareholders' meeting,

i.e. by Wednesday 23 April 2015. This is without prejudice to the legitimate right to attend the shareholders' meeting and vote should notices reach the Bank beyond said terms, provided it is prior to the start of the meeting.
Shareholders holding any shares that have not yet been dematerialised must first deliver them to a qualified intermediary for input into the centralised management system under dematerialisation regime, in accordance with the Consob/Bank of Italy Joint Regulation of 22 February 2008, as amended, and request the transmission of the aforesaid notice.

VOTING BY PROXY

All those with voting rights may be represented in the Shareholders' Meeting in accordance with the law by means of a written proxy or with a computerised document signed in electronic form in accordance with Article 21, Paragraph 2, of Italian Legislative Decree no. 82 of 7 March 2005.
Shareholders may use the "Proxy form" available from the registered office and the Company's website www.bancafinnat.it (section: Agenda and Documents). The proxy can be sent to the Bank by registered mail with advice of receipt to the following address: Banca Finnat Euramerica S.p.A., Piazza del Gesù 49, 00186 Rome, Italy or by electronic notification to the certified email address banca.finnat@pec.finnat.it or else using the application available from the Website (section: Agenda and Documents/28April/Attendance and voting). In such cases, the proxy must reach the Company no later than the time at which the Shareholders' Meeting begins. Should the representative deliver or send a copy of the proxy to the Company, the representative shall certify, under his/her responsibility, the proxy's conformity to the original and the identity of the delegating party.
In compliance with applicable regulations, shareholders may confer powers of attorney, at no cost, to Attorney Massimo Tesei, as the representative appointed by the company in accordance with Article 135-*undecies* of Italian Legislative Decree no. 58/98 (the Italian Consolidated Financial Law, "**TUF**"), who may be replaced in case of unavailability or absence by Attorney Rocco Santarelli. The proxy shall be conferred by signing the specific form available from the aforesaid section of the Bank's website. The signed form must be delivered to the appointed representative – together with the copy of a valid identity document - by means of registered letter with advice of receipt addressed to Attorney Massimo Tesei c/o Studio Legale Carbonetti e Associati, via San Valentino 21, 00197 Rome, Italy, or e-mailed to mtesei@studiocarbonetti.it no later than the second trading day prior to the date set for the Shareholders' Meeting (i.e. 24 April 2015). If a copy of the proxy is delivered or transmitted to the designated representative, said proxy shall be accompanied by a declaration attesting its conformity with the original under the signatory's responsibility.
The proxy has no effect for any proposal in relation to which no voting instructions have been given.
The proxy and voting instructions may be revoked until the second trading day prior to the date set for the Shareholders' Meeting (i.e., 24 April 2015). The communication made to the Bank by the intermediary certifying the legitimate intervention in the Shareholders' Meeting is also necessary when the proxy is conferred to the representative appointed by the Bank; in the absence of the aforesaid communication, the proxy shall be deemed null and void.
There are no provisions for correspondence voting or electronic voting procedures.

RIGHT TO ASK QUESTIONS

Those who have the right to vote may ask questions about the items on the agenda by e-mailing said questions to the email address ufficiolegale@finnat.it, or by posting them via registered letter with advice of receipt to Banca Finnat Euramerica S.p.A. – Ufficio Legale – Piazza del Gesù 49, 00186 Rome, Italy, attaching the documents proving their right to vote. The right to exercise this right can alternatively be proven by a communication certifying the right to attend the shareholders' meeting and exercise voting rights, made by a qualified intermediary in accordance with article 83-*sexies*, paragraph 1 of the Italian Consolidated Financial Law, or by producing certificates issued by intermediaries and stating the corporate right that can be exercised in accordance with Article 83-*quinquies*, paragraph 3 of the Italian Consolidated Financial Law. Pursuant to Article 127-*ter*, paragraph 1-bis, of the Italian Consolidated Financial Law, the requests must be received no later than the third trading day prior to the date set for the Shareholders' Meeting, i.e. no later than 25 April 2015.
Questions asked prior to the shareholders' meeting shall be answered, at the latest, during the meeting. The Bank may provide

a single answer to several questions having the same content.

ADDITIONS TO THE AGENDA AND SUBMISSION OF NEW DRAFT RESOLUTIONS

In accordance with Article 126-bis of the Italian Consolidated Financial Law, the Shareholders who individually or jointly represent at least one fortieth of the share capital, may request, within 10 days from the publication of this notice (and therefore no later than 29 March 2015), to add items on the agenda, specifying the further items proposed in the request or submit draft resolutions on items already on the agenda. The request shall be submitted in writing to the Registered Office of the Company, piazza del Gesù 49 - 00186 Rome, Italy, or by e-mail to the certified address banca.finnat@pec.finnat.it, accompanied by the certification of the intermediary demonstrating the proposing Shareholders' rights. Within the above terms and in the same ways, the proposing Shareholders shall also provide the Board of Directors with a report stating the reasons of the draft resolutions on the new items whose discussion is proposed as an addition to the agenda or the reason for the additional draft resolutions submitted on items already on the agenda. Furthermore, it should be recalled that this addition is not allowed for items on which the shareholders' meeting resolves, by provision of law, at the proposal of the directors or on the basis of a project or report prepared by them (other than those indicated in Article 125-ter, paragraph 1, of the Italian Consolidated Financial Law). Notice shall be given of any additions to the agenda or of submission of further draft resolutions on items already on the agenda in the same ways as prescribed for the publication of the notice of call, at least fifteen days prior to the date set for the Shareholders' Meeting. At the same time as the publication of the news of supplement or of submission, the public shall also be provided with information, in the same way as prescribed for the documents relating to the Shareholders' Meeting, in the form of a report prepared by the applicants, accompanied by any assessment by the administrative body.

APPOINTMENT OF THE BOARD OF DIRECTORS AND FILING OF THE LISTS

The Board of Directors shall be appointed in accordance with Article 12-bis of the Articles of Association, to which reference is made. It should be recalled that the Directors are appointed on the basis of lists submitted by the Shareholders, in which the candidates shall be listed by a sequential number. Only Shareholders who, alone or jointly with other shareholders, hold a total of 2.5% of the share capital with voting rights in the Company's Ordinary Shareholders' Meetings may present lists.

At least twenty-five days prior to the date of the Shareholders' Meeting in first call (thus, no later than 3 April 2015), the lists shall be filed at the Registered Office of the Company in piazza del Gesù 49 - 00186 Rome, Italy, or be sent to the certified email address banca.finnat@pec.finnat.it, together with the additional documentation required by the Articles of Association and by current regulations. In particular, the following shall be filed:

- information about the identity of the shareholders who present the list, indicating the total interest held;
- the statements whereby the individual candidates accept the candidacy and certify, under their own responsibility, that there are no grounds for ineligibility and incompatibility and that the requirements prescribed for the office by current laws and regulations are met;
- the CV containing the professional characteristics of the individual candidates.

At least twenty-one days before the date of the Shareholders' Meeting in first call (thus, no later than 7 April 2015), a notice shall be filed, released by a legally authorised intermediary, proving ownership, at the time the list is filed with the Company, of the number of shares required for the presentation.

Each Shareholder or party adhering to a significant shareholders' agreement in accordance with Article 122 of Italian Legislative Decree no. 58 dated 24 February 1998, the respective controlling parties, the subsidiaries and joint control entities in accordance with Article 93 of Italian Legislative Decree no. 58 dated 24 February 1998, may only present or participate in the presentation of more than one list, directly or through a third party or trustee company. They may not vote for different lists directly or through a third party or trustee company. Candidates may only be presented on a single list, under penalty of ineligibility. Subscriptions and votes cast in breach of this prohibition shall not be assigned to any list.

When presenting the lists, Shareholders are also invited to take into account the recommendations contained in Consob Communication DEM/9017893 of 26 February 2009.

In accordance with Article 12-bis of the Articles of Association, each list shall contain at least one candidate fulfilling the independence requirements per Article 148, Third Paragraph of Italian Legislative Decree no. 58/1998; if the list contains more than seven candidates, it shall contain at least two candidates fulfilling the aforementioned independence requirements. One of the candidates in possession of these requirements of independence must be included in the first place of each list.
Upon renewing the Board of Directors, the principle of gender balance shall be enforced as prescribed by Article 147-ter paragraph 1-ter of the Italian Consolidated Financial Law. In accordance with the transitional clause (Article 25 of the Articles of Association), for this renewal the quota reserved to the less represented gender is one fifth (rounded upwards) of the members to be elected. Therefore, lists containing at least three candidates shall include at least one fifth (rounded upwards) of candidates belonging to the less represented gender.
Lists presented that do not comply with the provisions of Article 12-bis of the Articles of Association shall be considered as not presented.
For the purposes of the presentation of the lists, Shareholders are invited to consider the contents of the document specifying the optimal qualitative and quantitative Composition of the Board of Directors approved by the Board of Directors of 3 April 2013 and available at the Company's Website www.bancafinnat.it, Corporate Governance section.
Additional information about the presentation, the filing and the publication of the lists is contained in Article 12-bis of the Articles of Association, at the Company's website (www.bancafinnat.it) and in the Board of Directors' Report, available at the same site.
The filed lists shall be made available to the public at least 21 days before the Shareholders' Meeting, i.e. no later than 7 April 2015.

APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS AND FILING OF THE LISTS

The Board of Statutory Auditors shall be appointed in accordance with Article 20 of the Articles of Association, to which reference is made.
Only Shareholders who, alone or jointly with other shareholders, hold a total of 2% of the share capital with voting rights in the Company's Ordinary Shareholders' Meetings may present lists.
At least twenty-five days prior to the date of the Shareholders' Meeting in first call (thus, no later than 3 April 2015), the lists shall be filed at the Registered Office of the Company in piazza del Gesù 49 - 00186 Rome, Italy, or be sent to the certified email address banca.finnat@pec.finnat.it, together with the additional documentation required by the Articles of Association and by current regulations. In particular, the following shall be filed:

- information about the identity of the shareholders who have presented lists, with the indication of the total shareholding percentage held;
- the statement whereby individual candidates accept their own candidacy and certify, under their own responsibility, that there are no grounds for ineligibility and incompatibility, as well as the fulfilment of the requirements prescribed by current regulations for their respective offices;
- the CV containing comprehensive information about individual candidates' personal and professional characteristics as well as the list of administration and control duties they performed for other companies;
- the statement by the shareholders who do not hold, individually or jointly, a controlling or relative majority interest, attesting the absence of connections in accordance with the applicable regulations.

At least twenty-one days before the date of the Shareholders' Meeting in first call (thus, no later than 7 April 2015), a notice shall be filed, released by a legally authorised intermediary, proving ownership, at the time the list is filed with the Company, of the number of shares required for the presentation.
Candidates shall be sorted in each list by means of sequential number for the office of Permanent Auditor and by means of a sequential letter for the office of Alternate Auditor.
Each Shareholder or party adhering to a significant shareholders' agreement in accordance with Article 122 of Italian Legislative Decree no. 58 dated 24 February 1998, the respective controlling parties, the subsidiaries and joint control entities in accordance with Article 93 of Italian Legislative Decree no. 58 dated 24 February 1998, may only present or participate in the presentation

of more than one list, directly or through a third party or trustee company. They may not vote for different lists directly or through a third party or trustee company. Candidates may only be presented on a single list, under penalty of ineligibility. Subscriptions and votes cast in breach of this prohibition shall not be assigned to any list.
Upon renewing the Board of Statutory Auditors, the principle of gender balance shall be enforced as prescribed by Article 148 paragraph 1-bis of the Italian Consolidated Financial Law. In accordance with the transitional clause (Article 25 of the Articles of Association), for this renewal the quota reserved to the less represented gender is one fifth (rounded upwards) of the permanent auditors to be elected. To assure gender balance within the Board of Statutory Auditors, lists presenting at least three candidates shall include persons of different gender in the first two positions of the Permanent Auditor and Alternate Auditor section or sections where at least two candidates are indicated.
Lists presented that do not comply with the provisions of Article 20 of the Articles of Association shall be considered as not presented.
Additional information about the presentation, the filing and the publication of the lists is contained in Article 20 of the Articles of Association, at the Company's website (www.bancafinnat.it) and in the Board of Directors' Report, available at the same site.
The filed lists shall be made available to the public at least 21 days before the Shareholders' Meeting, i.e. no later than 7 April 2015.

SHAREHOLDERS' MEETING DOCUMENTATION AND INFORMATION TO SHAREHOLDERS

The documentation about agenda items shall be made available to the public, within the terms and in the ways prescribed by current regulations, at the Registered Office, at the website www.emarketstorage.com of the SDIR-NIS / NIS-Storage systems and on the Company's Website www.bancafinnat.it (Agenda and Documents section).
Shareholders are entitled to obtain a copy of the documents at their own expense. More specifically, the following documents shall be made available:

- the Directors' Reports on agenda items 2, 3 and 4 at least 40 days before the Shareholders' Meeting;
- the Directors' Reports on agenda item 1 at least 30 days before the Shareholders' Meeting;
- the Directors' Report on agenda item 5, the Report on Remuneration in accordance with Article 123-ter of the Italian Consolidated Financial Law (agenda item 6), as well as the financial report, the other documents under Article 154-ter of the Italian Consolidated Financial Law, the documents indicated in Article 77, Paragraph 2-bis, of Consob Regulation no. 11971/99 and the report on corporate governance and ownership structure in accordance with Article 123-bis of the Italian Consolidated Financial Law (agenda item 1), at least 21 days before the Shareholders' Meeting.

INFORMATION ON THE SHARE CAPITAL

The share capital of Banca Finnat Euramerica S.p.A. is 72,576,000.00 euros (seventy-two million, five hundred and seventy-six thousand euros and zero cents), divided up into 362,880,000 (three hundred and sixty-two million, eight hundred and eighty thousand) ordinary shares each of 0.20 euros (twenty cents) and each of which gives the right to one vote. No shares or other securities have been issued with limits to voting rights.
As of 19 March 2015, the Bank held 25,307,589 treasury shares for which voting rights are suspended.
Subsidiaries do not own any share in the Bank.
The Articles of Association are available on the Company website www.bancafinnat.it (section: Corporate Governance).
Rome, 19 March 2015

The Chairman of the Board of Directors
(Giampietro Nattino)

FINANCIAL STATEMENTS OF BANCA FINNAT EURAMERICA S.P.A. AT 31.12.2014

REPORT ON OPERATIONS AND DRAFT RESOLUTIONS TO THE SHAREHOLDERS' MEETING OF BANCA FINNAT EURAMERICA S.P.A.

Dear Shareholders,

Prior to presenting the report on operations for 2014, following is an overview of the domestic and international macroeconomic background, on the financial markets and on the real estate market.

DOMESTIC AND INTERNATIONAL MACROECONOMIC BACKGROUND

The substantial zeroing of the interest rates on government debt securities can definitely be considered the most striking phenomenon that characterised 2014, providing the most evident empirical demonstration not only of the explicit financial repression that has been ongoing since 2008 but also of the virtual zeroing of inflation expectation as a result of the ample excess unused capacity and of the ample global demand deficits caused by the aggressive deleveraging policies implemented by a plethora of Countries around the world. The collapse in oil prices (-50%), which occurred in the second half of the year, then contributed further to amplify the deflationary trends that, in a context where it is difficult to predict a positive reversal of economic cycles, risk making the reabsorption of excessive debt levels that, at present, contribute to block the entire global demand ever more problematic. Central Banks and markets have thus pushed the yields of government securities to extraordinarily low levels, with German and Japanese securities at negative rates for maturity up to five years, French securities below zero for maturity up to three years, and American ones at half a percentage point per year for maturity of two years and just above 1% for five-year issues. On the reference ten-year bonds, market rates dropped to 0.54% at the end of the year, from 1.94% at the start of 2014, for German bonds; to 0.82% from 2.43% for French bonds; to 1.88% from 4.09% for Italian ones; to 1.6% from 4.14% for the ten-year Spanish bonds; to 2.66% from 5.99% for the Portuguese bonds; to 2.17% from 2.98% for American bonds. The average yield of government bonds in the Eurozone declined from 4.28% in November 2011 to 0.785% at the end of 2014, a twenty-year record low. To quote the Bank for International Settlements, "the highly abnormal is becoming uncomfortably normal". Another fundamental aspect in the decline of government fixed income yields is due to the irrefutable difficulties of the global economy to return to a satisfactory growth level, closer to its potential. Global trade growth has remained stuck at disappointing levels. Overall, worldwide economic performance remained moderate,

compared with the cycle of the 2000's when average global growth reached 4% per year. The macroeconomic context was characterised by constantly improving American growth but, concurrently, by the significant slow-down of the economic cycle that involved, jointly, the Eurozone, Japan and many emerging Countries. It has become progressively clearer that American growth, in this particular historical context, is no longer able to provide the positive impulse to the worldwide economic cycle we had always been used to in the past. During the year, therefore, only the US economic performance become progressively stronger, with a gross domestic product that, after a 2% contraction in the first quarter, grew by 5% year on year in the third quarter, with consumption growing from 1.2% per year in the first quarter to 3.2% in the third and public expenditure rising by 4.6 percentage points in the third quarter, after contracting by 0.8% in the first. On the contrary, the economic performance of the Eurozone and of Japan was disappointing. While the gross domestic product of the single-currency area ended 2014 with 0.8% annual growth, after two recessionary years (-0.4% in 2013; -0.7% in 2012), its annual growth declined from 1% to 0.8% from the first to the third quarter, with a progressive slow-down in performance involving, initially, the more fragile EU Countries like France and Italy, but subsequently extending to the "core European" countries. The annual growth of the French GDP thus slowed down from 0.8% to 0.4% from the first to the third quarter; Italy's contracted by 0.3% and by 0.5% respectively in the first and in the third quarter; Germany also lost a percentage point in GDP growth, which slowed from 2.2% to 1.2% per year. With regard to Japan, in spite of the strongly reflationary policies adopted, the increase in VAT on consumption from 5% to 8% in April led to a return to a technical recession, with GDP contracting on annual basis in the second quarter (-6.7%) and in the third quarter (-1.9%) after growing by 5.8% in the first quarter of the year.
The slowdown in economic performance during the year, with the exception of the US economy, then involved the emerging markets as well, as they were hit by the contraction in global demand, by monetary policies characterised in many cases by sudden shifts to a restrictive bias, by the collapse in the prices of commodities and oil, and by the rise of the US Dollar which risks placing on their knees the Countries that are most indebted in the US currency. In Italy, the persisting structural stagnation of industrial revenues, industrial production and orders continues, with industrial revenues still declining, in November, by 1.6% on an annual basis, production dropping by 1.8% and industrial orders contracting by 4.1% per year (the lowest level of the past fifteen months). Moreover, credit performance continues to be negatively influenced by a worrying lack of investments and by the weakness of the economic cycle, with loans to the non-financial private sector representing the most vulnerable factor for the banking industry. Gross non-performing loans reached 9.5% of total loans (2.8% at the end of 2007) and net non-performing loans amounted to 4.67% (0.86% at the end of 2007), accounting for 34% of regulatory capital. The contraction in credit and the decline in lending rates continue to compress interest revenues to the detriment of the entire banking industry, while provisions still absorb a significant portion of operating income.

With regard to Monetary Policies and Conditions, they are gradually becoming less accommodating in the United States, with the official rates expected to be normalised around mid-2015, while they will remain strongly expansionary in the Euro area. The United States is still maintaining the policy rates anchored between 0 and 0.25, but in October it definitively ended the quantitative easing programmes through which the country was able to bring economic growth back to 3% per year and to reduce unemployment from 10.2% to 5.6% of the work force in the past five years. On the contrary, in the Eurozone, grappling with unemployment stuck at 11.5% (13.4% in Italy, the highest in the past 40 years), the concrete dangers of deflationary trends, fed by a constant fall in inflation expectations, together with the evidence of unquestionable economic stagnation, induced the ECB the make its monetary policy bias still more accommodating. In June, negative interest rates (-0.1%) were introduced on the overnight bank deposits of the banking system with the Central Bank, policy rates were lowered to 0.15% (from 0.25%), and new long term refinancing operations (TLTRO) were carried out, subject to the issue of new loans to households and businesses. Additional monetary interventions were launched in September, cutting the main refinancing rate to 0.05%, bringing the rate on overnight deposits to -0.2% and launching a programme for the acquisition, from October onwards, of a wide portfolio of private financial assets, in particular ABS and covered bonds, in order to loosen credit access conditions. At the end of October, the Bank of Japan decided to strengthen its quantitative easing programme, extending the average residual maturity of the government securities in its own portfolio. For now, the growing separation between monetary policies has not given rise to particular financial stresses, but a contraction in capital flows to emerging economies has been observed.

THE FINANCIAL MARKETS

At the end of 2014, international stock prices had the following performance: the US S&P500 index grew by 12.55% per year; the British stock market's FTSE100 index declined by 2.72%, the French market's CAC 40 index dropped by 0.75%; the German market's DAX index rose by 2.65%; the Spanish market's Ibex 35 index grew by 3.8%; the Swiss market's Swiss Mkt index increased by 9.51% and the Euro Stoxx 50, representing the main equities of the Euro area, rose by 1.09%.
On the Asian markets, the Shanghai Stock Market index gained 53%; Hong Kong's Hang Seng index increased by 1.28% whilst the Japanese Nikkei 225 provided a return of 7.12%.
With regard to emerging markets, the Brazilian market's Bovespa index lost 2.91% per year; the Indian market increased by 26.6%; the Turkish market gained 25% whilst the economic sanctions and the collapse in the price of oil led to a 45% decline in the Russian stock market's index.
Concerning the Italian market, the domestic stock market index FtseMib remained substantially stable (+0.23%) and the total capitalisation of the Italian stock market reached 470 billion euros, (i.e., 29.1% of GDP from 52.7% reached in 2006). Within the Eurozone, the Italian stock market capitalisation accounts for 9% of total, France's is 30.3% and Germany's 27% (at the end of 2007 their percentages were, respectively, 12%, 22.4% and 28.9%).
At the end of 2014, 342 Companies were listed on the Italian stock exchange, of which 285 are on the MTA (*Mercato telematico azionario*, electronic stock market) and 57 on the AIM (alternative capital market) segment. During the year, 28 new companies were listed, of which 26 through IPO procedures (5 on the MTA segment and 21 on the AIM segment) while 12 Companies were delisted.
On the commodities markets, declines in demand and excess supply have caused severe contractions not only in the energy segments but also in metals (precious and industrial) and agricultural products. In particular, the declines in oil, iron ore and copper contributed to the most pronounced period of decline in the commodities index since 1991, with the Bloomberg Commodities Index of the 22 most widely traded agricultural, energy and industrial products showing an annual decline of 17%. Specifically, the prices of WTI

crude oil traded on the NYMEX market lost 45.6% of their value during the year (the sharpest decline in the past 30 year in a non-recessionary environment); heating oil declined by 40%; diesel dropped by 44.7%. Among metals, silver lost 16.9%; copper, 14.1%; platinum, 11.6%, while palladium grew by 12.3% and gold remained substantially stable (-0.31%). Among agricultural products, soy lost 21%; cotton, 27.7%, corn, 3.85%; wheat, 0.91%. Among imported products, sugar lost 10.54% while coffee rose by 48.9%.
With respect to bond markets, the attainment of new record lows in the returns offered by sovereign borrowers and not on the entire segment of the curve was followed by a total return equal to 22.3% for Portuguese ten-year Government bonds; 16.6% for Spanish bonds; 14.74% for Italian bonds; 12% for French bonds; 10.46% for German bonds and 7.8% for the ten-year USA bond.
In the secondary market for government securities, in December 2014 the so-called "Rendistato" index, based on a sample of securities with a residual maturity of more than one year, traded on the Italian Stock Exchange (MOT), dropped to 1.55%, the lowest value in more than a decade and 150 basis points below the value of December 2013. In December 2014, the gross yield of CCT bonds on the secondary market was 0.87% (1.71% in December 2013) whilst the average yield of BTPs in December 2014 was 2.04% (3.65% in December 2013).
With regard to currency markets, the expectations of a budding normalisation of the US monetary policy, with the consequent upcoming divergence of the rates in the Dollar area and in the Euro area, led to a revaluation in the US currency, during the year, by approximately 11% relative to a shared basket of currency of developed and emerging Countries. With reference to the main currencies (based on average December 2014 rates over January 2014), the common European currency lost approximately 10% relative to the US Dollar (from 1.362 to 1.231); it lost 4.7% relative to the British Pound (from 0.827 to 0.788); it lost 2.4% compared to the Swiss Franc (from 1.231 to 1.202) and it gained 4% relative to the Japanese Yen (from 141.5 to 147.1).

THE PROPERTY MARKET IN 2014

2014 was a "non recovery" year for the Italian property market, in spite of the positive expectations of the first part of the year. The persistence of the economic crisis, accompanied by an increase in the unemployment rate, stifled the potential of residential demand. Property credit, both for households and for businesses, remained weak in spite of some small positive signs.

The crisis in new construction was still severe, and they were close to record low levels. The number of unsold properties is still high and new construction is still rare. In spite of the complexity of the economic and political environment, there has been a progressive increase in property investments by foreigners, both because of a generalised interest in southern European markets and because of the presence of actual investment opportunities.

The decline in values, recorded in all market segments, made purchases possible for more speculative investors (not just foreign ones).

Italian real estate funds put behind them a year that could have been challenging and are ready to grow in 2015.

With regard to the residential market, propensity for investment in real estate dropped to the lowest levels of recent decades, in part because of the increase in taxes both a the national and at the local level. Demand is mostly for direct use and for the buyers' children. Demand for replacement is strong; it is represented by medium-high income households moving into higher quality properties.

In the second part of the year, positive signals were perceived on the front of sales in large cities and in the most central neighbourhoods. Average sale times are declining and the "spread" between the ask price and the buyer's bid is decreasing. Expectations for 2015 are tied to the economy's performance, so they still remain very cautions and with forecast slight increases on the sales front, but not on the price front.

Office and shop markets have shown signs of recovery, albeit in a still weak environment. Rents have declined more sharply than prices, which instead show strong resilience, especially in the more central locations.

The logistics sector, which is coming out of a prolonged crisis, is improving. Large scale distribution chains are repositioning, but change is also underway in the commercial system, triggered by the development of e-commerce.

The tourist residential market declined sharply, offset by an increase in the purchases of homes abroad, mostly for holiday use.

Overall, turnover on the market declined by 1.5% during the year. Its performance remained negative, but less so than in previous years.

* * * * *

Dear Shareholders,

We hereby submit the separate Financial statements as of 31 December 2014 for your assessment and approval, showing a net profit of 4,333 thousand euros, down by 802 thousand euros compared with 5,135 thousand euros of the previous year. The latter amount was restated as a result of the completion of the merger by absorption of the subsidiaries Finnat Investments S.p.A. and Finnat Real Estate S.r.l. by the Bank, which took place during the year in question.
In the same way, in addition to the income statement, the Balance Sheet at 31 December 2013 was restated to take into account both the aforesaid transaction and the application of the fair value measurement of all equity investments in subsidiaries. Until last year, only the subsidiary Investire Immobiliare SGR S.p.A. was measured at fair value, inasmuch as it was the sole subsidiary that managed real estate funds.

The main items that form the 2014 financial year results are shown below and compared with the corresponding 2013 figures:

- **Earnings margin** totals 35,489 thousand euros, compared to 30,884 thousand euros in the previous financial year. The overall increase of 4,605 thousand euros may be broken down as follows:

  increases
  - 2,286 thousand euros for Net commissions (12,713 thousand euros at 31 December 2014, compared to 10,427 thousand euros in the previous year);
  - 517 thousand euros for Dividends and similar income (7,161 thousand euros at 31 December 2014, compared to 6,644 thousand euros in the previous year);
  - 802 thousand euros for Net income from trading activities (showing a negative balance of 1,701 thousand euros as at 31 December 2014 compared to the negative balance of 2,503 thousand euros of the 2013 financial year;
  - 3,143 thousand euros for Profit from the sale of available-for-sale securities (4,752 thousand euros in 2014, compared to 1,609 thousand euros in 2013).

  decreases
  - 2,143 thousand euros for Interest margin (12,564 thousand euros at 31 December 2014 compared to 14,707 thousand euros in the previous year).

- **Value adjustments for impairment** amounted to 2,963 thousand versus 697 thousand euros in 2013. The item includes 1,314 thousand euros of value adjustments on receivables and 1,602 thousand euros of value adjustments on available-for sale financial assets.

- **Administrative expenses** amount to 27,229 thousand euros compared to 23,433 thousand euros in 2013, up by 3,796 thousand euros overall; their breakdown is as follows:

  - staff costs, which total 16,917 thousand euros, are up by 902 thousand euros compared to 2013 (16,015 thousand euros);

- other administrative expenses totalling 11,130 thousand euros increased by 1,443 thousand euros compared to the previous year (9,687 thousand euros). The growth is mainly due to the increased stamp duty applied to customers' deposits and accounts.
  The recoveries of this tax and of the other expenses - not recorded in reduction of "Other administrative expenses" - are allocated in "Other operating income/expenses" and amount to 3,616 thousand euros (2,312 thousand euros in 2013). Therefore, Other administrative expenses, excluding these recoveries, amounted to 7,514 thousand euros compared to 7,375 thousand euros in 2013;

- other operating income/expenses show a balance of 1,254 thousand euros versus 2,719 thousand euros in 2013. In addition to the recovery of customer costs, the item also includes the indemnity recognised by the Bank to the subsidiary Investire Immobiliare SGR S.p.A., amounting to 2,489 thousand euros, in view of the guarantee provided to the shareholders of the companies merged by the latter entity. The guarantee covers the emergence of costs incurred and not expected when determining the swap ratios. In the case at hand, these extraordinary, non repeatable costs pertain to the claim by the Revenue Agency - Regional Office of Lazio, pertaining to the failure to withhold amounts on earnings paid to foreign owners of units of real estate funds managed by Investire Immobiliare SGR S.p.A. The subsidiary is carrying out an initiative to recover the amount stated with respect to the unit holders and, at the time of the collection by the subsidiary, the amount shall be returned to the Bank which issued the guarantee.

- **Income taxes** amount to 964 thousand euros compared to 1,619 thousand euros in 2013.

The profit for the year does not include the stock price increase, compared to 31 December 2013, of the 1,150,000 shares of the London Stock Exchange Group plc held by the Bank at the end of the year and recorded among the "Available-for-sale financial assets". The increased stock price, combined with the exchange rate effect, led to an 8,075 thousand euros increase in the related "Valuation reserve".
The global profit for the year under review, which also takes into account said increase in value, is shown in the "Statement of comprehensive income".

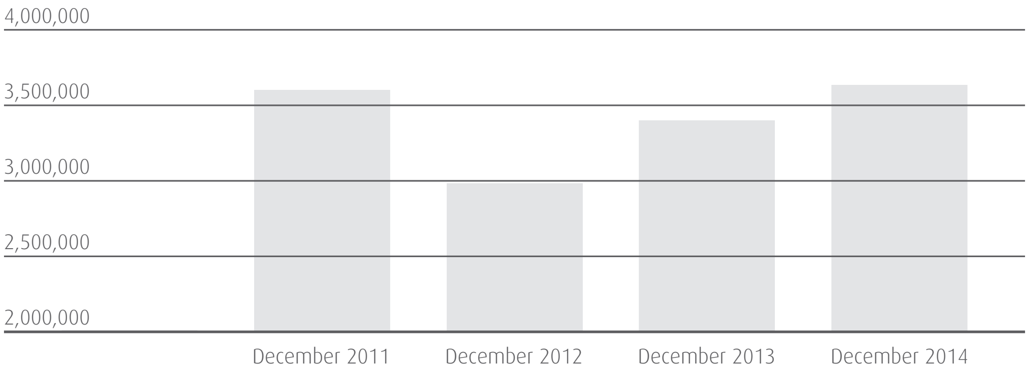
DIRECT AND INDIRECT DEPOSITS

The breakdown of the Bank's deposits is as follows:

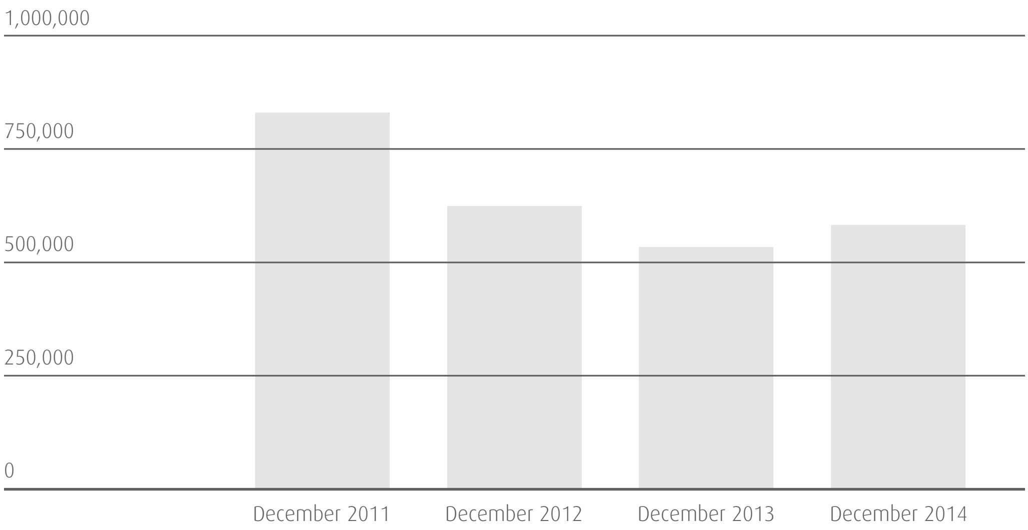
(in thousands of euros)	31.12.2014	31.12.2013	% change
Direct deposits from customers (*)	**937,822**	**766,623**	**22%**
of which:			
- Due to customers (current accounts)	248,080	284,987	
- Repos and fixed-term deposits	641,084	439,951	
- Bonds and certificates of deposit	48,658	41,685	
Indirect deposits	**4,217,722**	**3,932,657**	**7%**
of which:			
- Assets under administration (securities)	3,635,668	3,398,930	
of which in 2014 under advice 183,688 thousand euros			
- Assets under management (Asset management accounts and management proxies received from third parties)	582,054	533,727	
Direct deposits from banks	**97,194**	**95,482**	**2%**
of which:			
- Due to banks	97,194	95,482	
TOTAL DEPOSITS	**5,252,738**	**4,794,762**	**10%**

(*) The bonds issued in customers' possession are included also in "Indirect deposits". Repos pertain to transactions between the bank and "Cassa di Compensazione e Garanzia".

Assets under administration (securities and cash)



Assets under management (Asset management accounts and management proxies received from third parties)



OPERATIVE OFFICES

The Bank has operative branches in Rome, Milan and Novi Ligure.
The central office is at 49 Piazza del Gesù, Rome, where 2 branches in Corso Trieste, 118 and Via Catone, 3 (Piazza Risorgimento) are located.

BUSINESS SEGMENTS

Following is an overview of the activities carried out by the Bank and Group companies in 2014:

Investment banking
For Investment Banking activities, the year that has just ended was highly positive.

In terms of **Assets under management**, there were positive deposits both on Asset management accounts and on Funds. With reference to Asset management accounts, the result is mainly tied to some institutional mandates that were acquired. With regard to funds, deposits were mainly concentrated to third parties'; however, the figure is still positive also on the New Millennium SICAV which, having many funds managed by the Bank, allows to benefit from far more significant profit margins, especially in years characterised by the presence of over-performance commissions.

This year, these commissions accrued on most products, in view of the excellent results achieved by the Asset Management team: all management lines, and all SICAV funds managed by the Bank, without any exceptions, ended the year with positive returns. Certainly, the good performance of most financial markets contributed quite a bit; however, comparison with benchmarks shows that there were some extra returns, in some cases even quite significant ones, attesting to the excellent quality of the work carried out by the managers.

A new project completed during the year is the one pertaining to remunerated **Consultancy services**. After several years in which free Consultancy services were offered to Customers, remuneration for the service began to be required, obviously after refining all necessary processes and having set up the appropriate controls directed at assuring adequate levels of service to Customers. The feedback was positive and, at the end of the year, the aggregate value of the portfolios referred to (private and institutional) customers who had entered into new remunerated Consultancy agreements amounted to over 160 million euros.

The **brokerage** sector, whose revenues had experienced constant contraction in recent years, reversed its trend, with a good increase in the various indicators. The brokered values grew, the number of completed transactions increased by approximately 10% and, above all, trading commissions rose considerably. More specifically, the figure pertaining to the stock sector was sharply higher than in the previous year, whereas revenues from Bond brokering were more or less stable, and only the figure for derivatives contracted, consistently with a trend that has been ongoing for several years.
In terms of commission, it should be noted that the aggregate figure of "captive" customers (Private customers, Asset Management, trusteeships) was substantially stable, whereas a considerable increase,

by approximately 30%, was recorded on "outside" customers: the phenomenon is not just tied to an increase in the volumes traded by the Bank's "historical" institutional Customers, but also to an appreciable increase in the operating relationships established with new counterparties.

With regard to brokerage, a specific mention should be made to the activity pertaining to certificates representing greenhouse gas emissions allowances. This activity, started in 2013, achieved significant results, realising profits and revenues that far exceeded expectations.

Activities carried out in favour of listed issuers continue to provide a significant contribution to the income statement. The bank remains focused on the AIM market, where the bank is the market leader as a Specialist. This position was consolidated thanks to the acquisition of four new assignments; the Bank, however, has pursued, for quite some time, a strategy aimed at progressively expanding the services performed for these issuers. The strategy is successful, in view of the ever higher number of roles that are performed in their favour: Nomad, General Advisor, payment agents. The Studies department is closely involved in this project and provides its coverage to a growing number of issuers. Clearly, all these roles and services are remunerated. Particularly visible for the Bank were two transactions (BioOn and Fedon) in which it also performed the role of Global Coordinator for listing on the Aim market: these were the two newcomers the market greeted most enthusiastically.

A significant positive note comes from activities on the Bank's own behalf: in particular, the sharp reduction in the yields of Italian Government Bonds enabled the modest long-term invested portfolio to achieve significant gains. A considerable contribution to the income statement came from the transactions carried out to exploit the misalignments between the returns from Repos and those of the Securities to which they pertain, whose maturity, for the sake of extreme prudence, is correlated to the maturity of funding.

Advisory & corporate finance

The Bank provides corporate finance consulting services and assistance to private and public companies, with a special focus on medium-sized companies, through its Advisory & Corporate Finance department. In 2014, the team dedicated to this activity continued to develop its operational effectiveness with particular attention paid to the forms of alternative finance such as the capital market or the so-called minibonds.

With regard to the Advisory activities, of note is the acquisition of the following mandates during the year: assistance in the finalisation of the economic and financial plan and in support to structuring/acquiring financial resources in the form of debt for financing the development of logistical platform; an assignment to search for investors potentially interested in subscribing debt instruments within a bond issued by a company active in the automotive industry; an assignment for structuring a bond in the form of "minibonds" and the search for investors potentially interested in subscribing debt instruments issued by a company that is mainly active in the sale of energy and gas; assistance to a start-up, owned by a primary operator in the entertainment industry, in the process of listing on AIM Italia, within which Banca Finnat will serve as Advisor and Nominated Adviser; assistance for the management of the process and of the activities directed at listing, on AIM Italia, a company active in the energy and gas sector; an assignment to serve as global coordinator for listing, on AIM Italia, a company active in the construction and management of co-generation and tri-generation plants for the generation of electrical and thermal energy; an assignment for the listing, on AIM Italia, an SIV, i.e. an investment company, for which Banca Finnat shall serve as Global Coordinator for assistance in the activities directed at organising, managing and executing the placement; a financial advisory assignment for managing the process and the activities directed at listing, on AIM Italia, a company active in the sector of energy and gas; an assignment for renegotiating the repayment schedule and the economic conditions of a mortgage of a company owning a series of properties, mainly located in Rome; the financial brokerage activity relating to four funds on behalf of a real estate SGR; three additional assignments for the ongoing activity of Nominated Adviser on the AIM.

Moreover, in 2014 the following transactions were completed successfully: i) the listing on AIM Italia of Giorgio Fedon & Figli S.p.A. for which Banca Finnat held the position of Nominated Adviser. The transaction was preceded by consulting activity for assistance in the assessment and strategic analysis of the Group and the formulation of a business plan for the identification and structuring of one or more financial operations that are necessary to reach the objectives of the development plan, as well as for maximising the value of the Group; ii) in reference to a project developed in the city of Rome for the construction of a tourist service and attraction infrastructure (including an aquarium), advisory services were provided to the sponsoring company as regards the negotiation with credit institutions for raising the funding necessary to complete the project; iii) financial advisory services were provided for the assessment of the theoretical value of a hospitality business –in regard to a company involved in a procedure of composition with creditors – in support of the appointed judicial commissioners; iv) the listing on AIM Italian of Bio-on S.p.A., for which Banca Finnat served as Global Coordinator for assistance in the activities directed at organising, managing and executing the reserved placement of shares in support of the listing; v) assistance to the subsidiary Investire Immobiliare SGR for the study of the integration with Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. directed at establishing a primary player in the Italian real estate market.

Commercial Division

2014 was characterised by significant growth in the deposits from private customers, due primarily to the success of the new branch office of Piazza Risorgimento and the new entrances in Corso Trieste.

With regard to asset management services for clients, growth mostly concerned the different types of managed assets. The breadth of the offering has enabled a high diversification of the assets with the dual purpose of reducing the volatility of the portfolios while maximising performance.

In the search for protection for the bonds portfolio, particularly important was the use of a guaranteed yield policy introduced in the last quarter of last year. The more frequent use of this defensive instrument required a significant increase in the number of trained personnel to be registered with Ivass.

In the second half of the year, a sophisticated advisory model was implemented, supported by an advanced technological platform. This innovation significantly changed the commercial proposition in terms of investments, supplementing asset management with two types of offers: Finnat Trading and Finnat Advisory.

The first solution is addressed to client who, in making investments, uses exclusively the trading and administration services. Finnat Advisory is the solution for private clients who fully utilise the support and advisory service, benefiting from a wide range of solutions, weighted according to the expected level of

risk and return. The definition of objectives between advisor and client, customisation, monitoring performance and volatility, planned feedback meetings are the essential elements of the service.
Concerning the banking activity, we continued to increase our services so as to completely satisfy the needs of our customers. In order to meet the needs of professional firms, our target and historical customers, which have been subject to the legal provisions that require them to be equipped with adequate tools for electronic payments, we have offered a Pos installation service.
In 2014, trading activities increased significantly as regards the development of advisory and corporate finance services through the organisation of special events dedicated to the presentation of innovative financial instruments, such as AIM and Minibond, as well as the organisation, at potential customers' sites, of joint meetings of the commercial and advisory/corporate finance areas. These activities have enabled the acquisition and completion of several assignments, as well as the expansion in the area of asset management.
As regards marketing activities, the Bank has developed a wide range of initiatives; a particular focus was placed on financial training especially reserved for the young, the female population, and art lovers. More than two events per months were organised in all.

During the year, the Bank was able to consistently meet the demands for credit support coming from our Private customers, supporting different initiatives in a still difficult time for credit. This occurred consistently with our credit policy that is extremely careful of the guarantee programmes.

Our financial planning activities, also through the Group's trust companies, continue to be one of the cornerstones of our offering. The demand for this service shows a constant interest from the corporate customers.

To conclude, also in these first six months, the bank confirmed its capacity to broadly meet the set of demands related to personal assets and businesses, including strategic decisions such as access to the stock market or M&A activities.

Property Fund Management

In 2014, the subsidiary Investire Immobiliare SGR S.p.A. continued its activities aimed at promoting the managed property funds.

Fondo Immobili Pubblici - FIP (Public Property Fund) completed an important negotiation with a primary international operator involving, in December, the disposal of a set of properties for a total amount exceeding 160 million euros. In 2014, the Fund disposed of 11 properties for a total sale value of approximately 170 million euros.

The Fondo Obelisco further concentrated on raising the value of its portfolio, entering into new leases, in 2013, for an overall annual rent of approximately 270,000 euros, and renegotiating existing leases for an overall annual rent of approximately 3 million euros. With regard to a property located in Rome, Via Tovaglieri, the Construction Permit was obtained; it will enable to raise the value of the property by transforming it to residential use.

The FIEPP (Fondo Immobiliare Enti di Previdenza dei Professionisti), besides the management of the properties in its portfolio, was also engaged in identifying further investments in high-end properties in the major Italian cities, in line with its previous acquisitions.

The Fondo Apple continued placing units on the real estate market. On 31 December, a total of 253 leases were secured/reserved for apartments and garages, for total rent of approximately 2,050 million euros.

Fondo Helios continued its development through fractional sales: in 2014, sales totalling approximately 5.2 million euros were completed; therefore, approximately 71% of the property units in its portfolio have been sold so far, rising to 73% with the reservations made. In the second half of the year, a second building to be used for services, worth 6.5 million euros, located in Rome, was acquired.

With regard to the HS-Italia Centrale fund, redevelopment works are at an advanced stage for the building provided by the Ascoli Piceno Municipality, i.e. Palazzo Sgariglia. To date, the progress of the work stands at about 60% and its completion is expected within the first half of 2015.

A tender call was published for carrying out a further initiative for the development of public housing, located in the Teramo Municipality. Early in February 2015, activity was completed for the selection of the "Temporary Grouping of Professionals", for the preliminary and definitive design of the public housing project called Teramo - Via Longo.

Fondo Primo is the owner of a property, located in Verona, to be used to house a telephone exchange, entirely leased, worth 14.2 million euros at 31 December.

Fondo INPGI – Giovanni Amendola continued the property contribution activities. In particular, for *Comparto Uno* (Sub-Fund One) of the Fund, in December a second lot of 14 mainly residential properties, all located in Rome, for a value of approximately 174 million euros was provided, thus bringing the total amount of the Sub-Fund to approximately 354 million euros. In addition, *Comparto Due* (Sub-Fund Two) was established, following the execution of a first deed of provision of a portfolio of nine mainly residential properties located outside Rome, for an equivalent value of approximately 83 million euros. Fractioned sale activities were started on five of these buildings.

In April, the Fondo Pegasus, established during the year, acquired two properties for commercial use in Milan, entirely leased to a single leaseholder, for a value of 42 million euros. In December, an additional building to be used for services, with multiple lease holders and located in Milan, was acquired, for a market value of approximately 56 million euros.

Lastly, the company continued to operate in the asset management segment, without using the property fund, based on the mandates received from the primary counterparties.

Research & Development

In the period in question, the Bank engaged in the following projects.

Organisation Area

- Completed and activated new functionalities in support of the Treasury activity for the management of corporate liquidity.
- Within the contractual process ("*Iter contrattuale*"), an instrument that through a guided flow supports the opening of new relations and products with the customers, the digitalisation of contracts and of the summary documents was completed.
- Trials were completed for the activation of the new service for the payment of postal payment slips from branches and Internet banking.
- Certification was obtained for issuing ATM cards with the new e-commerce enabled chip.

IT and Technologies Area

- The upgrade and replacement of work stations was completed.
- Perimeter security policies were revised, increasing restrictions.
- The software of the electronic mail management system was upgraded.
- Technological and net infrastructure enhancement initiatives were carried out.

Mortgage loans and financing

In 2014, the Service performed the ordinary activities aimed at granting loans and monitoring existing credit lines, with thorough analyses of credit ratings and assessments of the guarantees provided.

Corporate governance, organisation, internal control, compliance and Manager in charge of preparing the corporate reports and accounting documents

The corporate governance structure of Banca Finnat Euramerica, originally approved by the Board of Directors at the meeting held on 26 June 2009, in accordance with the provisions of the Bank of Italy issued on 4 March 2008 concerning the corporate governance of Banks, and the subsequent Note dated 19 February 2009, is based on a traditional administration and control system, by virtue of which:

- the Board of Directors alone is responsible for the management of the company;
- the Board of Statutory Auditors is responsible for the supervision of the company and, in this position, it monitors compliance with the articles of association and controls the management;
- the General Meeting expresses the will of the shareholders.

The governance principles of Banca Finnat Euramerica, besides being grounded in the applicable laws and regulations in force in Italy, are also inspired by international best practices on the matter and by the recommendations of the Corporate Governance Code for Listed Companies.

The Board of Directors filled out a specific Questionnaire for its own Self-Assessment and it preventively identified the composition of the Governing Body that is deemed optimal in qualitative and quantitative terms, in view of the proper and most effective performance of the duties of the Board, in accordance with the prescriptions of the Bank of Italy's Instruction of 11 January 2012 on organisation and corporate governance.

The results of the analysis carried out are illustrated in the document entitled "Qualitative and quantitative composition of the Board of Directors", also examined by the Appointments Committee to identify the theoretical profile that candidates to the office of Director should match, as a result of the self-assessment performed by the Board. This self-assessment was updated, after preparing a new questionnaire, on 28 April 2014.

Pursuant to the applicable Supervisory Provisions laid down by the Bank of Italy and in the light of the regulations issued on 30 March 2011, the Bank reported to the Shareholders' Meeting held on 26 April 2014 about the remuneration policies and incentives adopted.

Having regard to the legal obligations set out in the regulation concerning prudential requirements, Banca Finnat Group prepared and delivered the ICAAP report for 2013. The preparation of these documents, regulated by internal procedures and carried out by the Group's competent bodies and structures, is the last stage in the much broader and ongoing self-assessment process regarding capital adequacy, and its compliance with the Group's operational features and the environment in which it operates. The ICAAP report for 2014 will be submitted for the approval of the Board of Directors within the deadline set out in the applicable regulations. With regard to the calculation of the equity ratios, and the related quantification of the capital absorption, the Bank is carrying out stress tests on the credit risk, concentration risk and interest rate risk. The results of the analysis will be evaluated by the Board of Directors.
Based on the Supervisory provisions, the Bank is constantly monitoring its liquidity risk, according to the method formalised in a dedicated document containing the guidelines on Liquidity Risk Governance and Management.

The Members of the Board of Directors - including three Independent Directors - and of the Board of Statutory Auditors, whose term of office will expire at the approval of the financial statements at 31 December 2014 were elected by the Shareholder's Meeting of 26 April 2012.

With regard to the provisions of Article 36 of Italian Law Decree No. 201 of 6 December 2011, amended and converted into Italian Law No. 214 of 22 December 2011 laying down "Urgent provisions for the growth, fairness and consolidation of public accounts", and the formalities required by the "Criteria for the enforcement of Article 36 of Italian Law Decree "Salva Italia" (the so-called "interlocking prohibition")", relating to company employees and the members of the BoD and Board of Statutory Auditors appointed at the Shareholders' Meeting of 26 April 2012, we have made the necessary assessments of compliance with the set forth criteria on 18 December 2014.

Pursuant to the delegated Regulation (EU) no. 241/2014 issued by the Commission on 7 January 2014, the Board of Directors has resolved, on 26 June 2014, that the transactions on treasury shares, approved by the Shareholders' Meeting on 28 April 2014, be set to the amount of 2,177,280 euros, with operating goals related to a market making policy, directed at supporting the stock.
With a deed signed by the Notary Carlo Federico Tuccari, on 28 November 2014, the merger by absorption of the wholly owned subsidiaries, Finnat Investments S.p.A. and Finnat Real Estate S.r.l. into Banca Finnat Euramerica S.p.A., was formalised. The validity of the merger is retroactive at 1 January 2014.

With regard to the subsidiary Investire Immobiliare SGR S.p.A., with a deed signed by Notary Misurale on 19 December 2014, the deed of merger by absorption between Investire Immobiliare SGR S.p.A., Beni Stabili Gestioni S.p.A., and Polaris Real Estate SGR S.p.A., with effect from 1 January 2015, was executed.

All information required by current regulations is published on the website: www.bancafinnat.it in the Investor Relations, Regulated Information section.

Consob Market Regulation – requirements set forth under Article 36 (Subsidiaries established and regulated by the Law of non-EU States)

Banca Finnat Euramerica undertakes that, in accordance with paragraph 2 of Article 36 of Consob Regulation no. 1619/2007 (Market Regulation), the provisions set out by said Article 36 on the conditions for the listing of parent companies, companies set up or governed according to the laws of states not belonging to the European Union and of significant relevance for the purpose of the consolidated financial statements, do not apply to the subsidiary Finnat Gestioni S.A., since the above mentioned subsidiary falls beneath the limits envisaged by the regulation and does not, therefore, hold "significant relevance".

Market disclosure information

Regarding market disclosure the Group declares that:

- with reference to the request made by the Bank of Italy, in its Communication of 17 June 2008, the Group's exposure to financial products perceived by the market as risky comprises the investment in "FIP Funding Class A2-2023" bonds, recorded in the financial statements as securities held for trading, totalling 1,708 thousand euros (with a nominal value of 2,020 thousand euros). This investment (CMBS Commercial Mortgage-Backed Securities) is the result of the securitisation of the loan to Fondo Immobili Pubblici (managed, as mentioned above, by the subsidiary Investire Immobiliare SGR S.p.A.) and is guaranteed by a special lien on the real estate owned by the Fund, which is almost exclusively leased out to Government entities; consequently, it is an investment that is not exposed to the risk of insolvency.

  At 31 December 2014, the Bank – with the exception of the above mentioned investment – were not exposed to and/or did not hold an interest, either directly or through vehicle companies or other non-consolidated entities, in financial instruments or UCIs characterised by high-risk investments, such as: - SPEs (Special Purpose Entities) - CDOs (Collateralised Debt Obligations) – Other subprime exposures and Alt-A – CMBSs (Commercial Mortgage-Backed Securities) – Leveraged Finance;
- the Board of Directors of Banca Finnat Euramerica S.p.A., pursuant to Consob Resolution no. 18079 of 20 January 2012, decided, on 21 January 2013, to comply with the simplification system set forth in Articles 70 (paragraph 8) and 71 (paragraph 1-bis) of the Regulations adopted by Consob with resolution no. 11971 of 14 May 1999 as amended and supplemented, by making use of the right, of listed companies, to depart from the obligation to submit the information documents required by Annexe 3B of the Consob Regulation relating to future significant extraordinary operations such as mergers, demergers, capital increase by non-cash contributions, acquisitions and sales;
- with reference to the requests contained in joint Document no. 2 dated 6 February 2009 by the Bank of Italy, Consob and Isvap and in their subsequent Document no. 4 dated 4 March 2010 and the provisions of paragraphs 15 and 25 of IAS 1, regarding disclosures to be made with respect to going concern assumptions, please refer to the commentary provided in Part A, Section 2 – General financial

reporting principles and Part E – Information about Risks and Related Hedging Policies of the Notes to the Financial Statements;

- the Bank of Italy published Circular 285 "Prudential Supervision Provisions for Banks" illustrating the implementing provisions in force since 1 January 2014. The document also contemplates, in the transitional provisions on "own funds", the right not to include, for the purpose of calculating regulatory capital, unrealised profit and loss referring to exposures towards Central Administrations classified in the category "Available-for-sale financial assets". This right (the so-called sterilisation) is valid until the coming into force of IFRS 9 that will replace IAS 39 on financial instruments. The Bank within the time prescribed exercised the above option.

Capital adequacy, prudential ratios and risk management disclosure

Information about the Bank's capital adequacy and risk management are illustrated at length in the Notes to the financial statements, respectively in Part F – Information on Net Equity and in Part E – Risk Information and Related Hedging Policies.

Own funds and capital ratios

Since 1 January 2014, the Regulatory Capital has been determined according to the new harmonised regulations for the Banks and the Investment companies contained in the Regulations ("CRR") and in the EU Directive ("CRD IV") of 26 June 2013 which transfer to the European Union the standards defined by the Basel Committee on Banking Supervision (Basel 3).
In order to enact the new regulations, the Bank of Italy issued, on 19 December 2013, Circular no. 285 "Prudential Supervision Provisions for Banks".

Own Funds at 31 December 2014 amount to 157,378 thousand euros (138,605 thousand euros at 31 December 2013 calculated according to the previous Basel 2 rules), whereas the Total capital ratio stands at 31.5% 29.9% at 31 December 2013) versus the 8% minimum requirement set forth in the current regulations for Credit Institutions. The increase compared to 2013 originated from the inclusion, in the calculation of own funds, of the reserves deriving from the fair value measurement of the Equity Investments, as specified in the Bank of Italy's clarification note to Circular no. 285.

Information on stock option plans

The Shareholders' Meeting held on 29 April 2011 approved a stock option plan in favour of the Management of the Bank and its subsidiaries, for a reference period of 2011/2016, and vested the BoD with all the powers necessary or suited to managing and implementing the plan. To service the plan, the Shareholders' Meeting also approved the proposal for a paid capital increase, by issuing no more than 27 million new ordinary shares totalling 5,400,000 euros (plus the share premium).

The Plan targets the positions that play a key role in achieving the Group's management results and is aimed at ensuring that they focus their commitments on the achievement of the strategic objectives and share in the company's results.

The stock option plan provides for the free and non-transferable assignment of no more than 27 million stock options, for the subscription or purchase of Bank shares according to the ratio of one regular entitlement share to each exercised option. Options will be exercisable from 31 March 2015 to 15 December 2016, with the right of early exercise, which right is conditional on the achievement of specific targets anchored to the Group's EBITDA and "Core Tier One Ratio".

On 12 May 2011, the Board of Directors of the Bank approved the Stock Option Plan Regulation and implemented the Plan itself, identifying the beneficiaries and assigning the 27 million options. At the same meeting, the Board set the unit price for exercising the options at 0.4702 euros, equal to the mean value of the reference prices of the shares, as measured from the date of assignment to the same day of previous calendar month.

For an itemised description of the terms and conditions of the stock option plan, reference should be made to the information document prepared pursuant to article 114-*bis* of the Italian Consolidated Financial Law and article 84-*bis* of the Consob Regulation No. 11971/1999, which can be consulted on-line at www.bancafinnat.it.

The measurement of the assignment rights was updated, with subsequent reduction of the related expense, in the periods indicated below:
- at 31 December 2012, as a result of the termination of the employer-employee relationship of two Executives of the Bank, assignees of 3 million options;
- at 31 December 2013, as a result of the termination of the employer-employee relationship of the General Manager of the Bank, assignee of 7 million options.

Therefore, 17 million options are still exercisable at 31 December 2014.

Merger by absorption of the subsidiaries, Finnat Investments S.p.A. and Finnat Real Estate S.r.l. into Banca Finnat Euramerica S.p.A.

On 2 December 2014, the deed of merger by absorption into Banca Finnat of the two wholly owned subsidiaries Finnat Investments S.p.A. and Finnat Real Estate S.r.l. was registered with the Register of Companies of Rome.

Therefore, the merger became effective for civil law purposes from that date onwards, with the consequent extinction of the two absorbed companies and the cessation of the related corporate bodies, whilst the accounting and tax effects were back-dated to 1 January 2014.

The merger was completed by simplified process under Article 2505 of the Italian Civil Code and it led to the cancellation of the shares held by the Bank without entailing any amendments to the articles of association of the Bank.

The merger was a part of the reorganisation process within the Banca Finnat Euramerica Group, whose goal is to simplify the corporate structure.

With regard to the accounting principles adopted, please refer to Part A2 - Accounting Policies of the Notes to the Financial Statements.

PERFORMANCE OF SUBSIDIARIES

Investire Immobiliare SGR S.p.A.

The company, based in Rome, incorporated on 4 February 2002 and authorised by the Bank of Italy on 9 May 2002. Its purpose is to establish and manage real estate funds.

Banca Finnat Euramerica S.p.A. has an 80% stake in the company. The share capital amounts to 8,600,000 euros.

At 31 December 2014, the company managed 10 real estate funds, with managed assets totalling 2,637 million euros, compared to 2,265 million euros at 31 December 2013.

The draft financial statements at 31 December 2014 show a profit of 3,251 thousand euros compared to 3,221 thousand euros last year and a book value of the net equity of 15,149 thousand euros compared to 15,807 thousand euros at 31 December 2013. In 2014, the company realised total commission revenues of 11,522 thousand euros compared to 12,279 thousand euros in 2013.

On 29 December 2014, with the filing of the merger deed (executed on 19 December 2014) with the competent Registers of Companies, the merger by absorption of Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. into Investire Immobiliare SGR S.p.A. was completed. The merger, with effect from 1 January 2015 for accounting and fiscal purposes, is described in detail in the paragraph "Main transactions in the year" of this Report.

Finnat Fiduciaria S.p.A.

The company – incorporated in accordance with Italian Law no. 1966 of 23 November 1939 – is based in Rome and operates as an equity and security trust company. It has a share capital of 1,500,000 euros held entirely by Banca Finnat Euramerica S.p.A.

At 31 December 2014, assets under management totalled 1,301 million euros, versus 1,406 million euros at 31 December 2013.

The draft financial statements at 31 December 2014 show a profit of 163 thousand euros compared to 99 thousand euros at 31 December 2013. In 2014, the company realised commission revenues of 1,614 thousand euros. At 31 December 2014, the company had a net equity of 2,787 thousand euros, versus 2,659 thousand euros at 31 December 2013.

Fedra Fiduciaria S.p.A.

The company, incorporated in accordance with Italian Law no. 1966 of 23 November 1939, is based in Rome and operates as an equity and security trust company. It was authorised with Ministry of Industry Decree of 7 February 1988. The share capital of 120,000 euros is wholly owned by the Bank.

The draft financial statements at 31 December 2014 show a profit of 11 thousand euros versus 28 thousand euros at 31 December 2013.

The book value of net equity, at 31 December 2014, amounted to 425 thousand euros, compared to 414 thousand euros at 31 December 2013. At 31 December 2014, assets under management totalled 82 million euros, compared to 89 million euros at 31 December 2013.

Finnat Gestioni S.A.

The company, established on 10 April 2008, is based in Lugano and provides financial management and

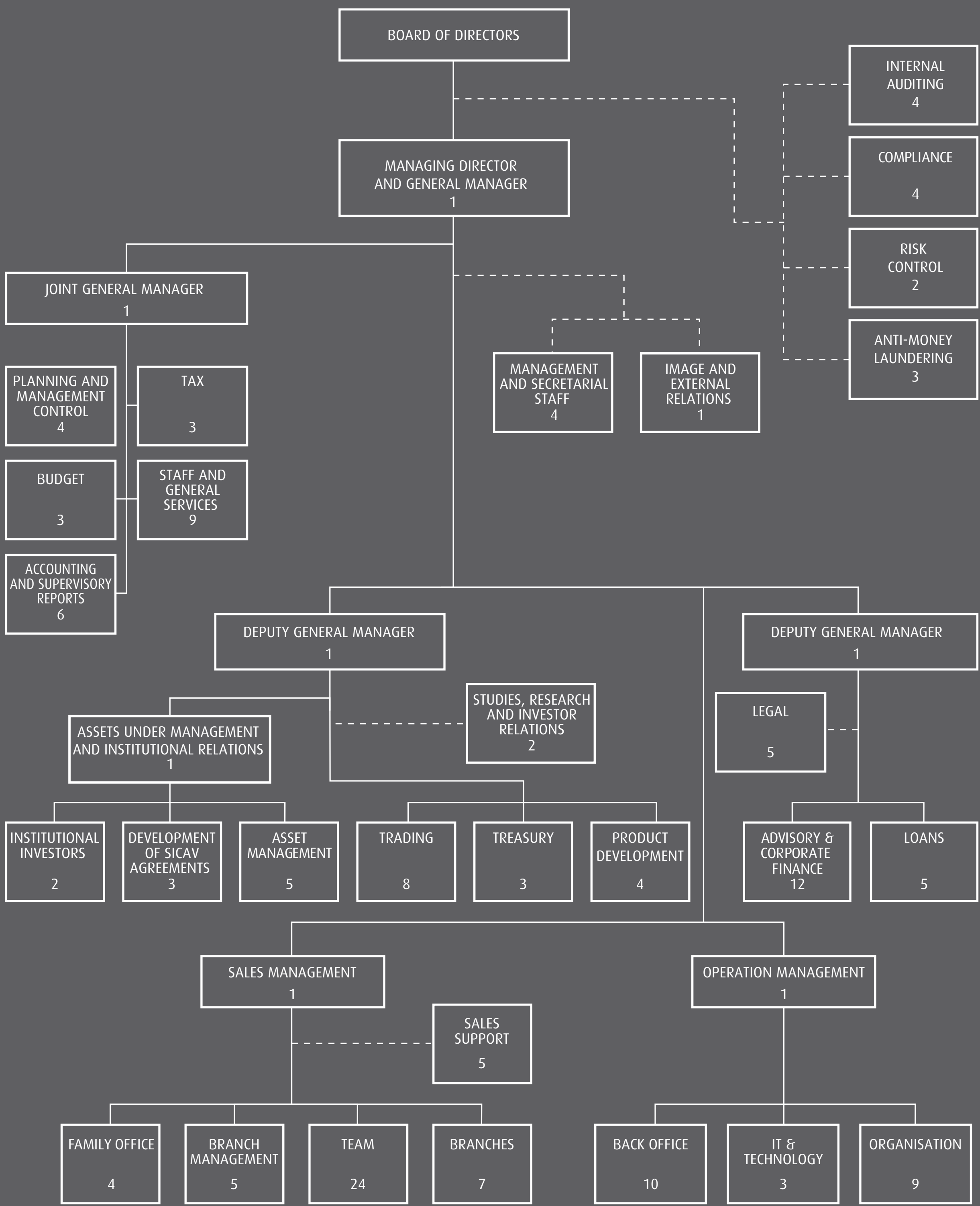
consulting services including, in particular, asset and portfolio management services.
The Bank holds a 70% stake in the company's share capital, which amounts to CHF 750,000, while the remaining stake is held by Banca per la Svizzera Italiana. Managed assets at 31 December 2014 totalled CHF 107 million, unchanged from 31 December 2013.
The draft financial statements at 31 December 2014 show a profit of CHF 348 thousand compared to CHF 327 thousand at 31 December 2013. The book value of net equity at 31 December 2014 amounted to CHF 1,627 thousand, versus CHF 1,279 thousand at 31 December 2013.

* * *

Attached to the consolidated financial statements is the chart illustrating the Group structure and their quotas of control.

THE STRUCTURE OF BANCA FINNAT EURAMERICA

The organisation structure of the Bank is as follows:

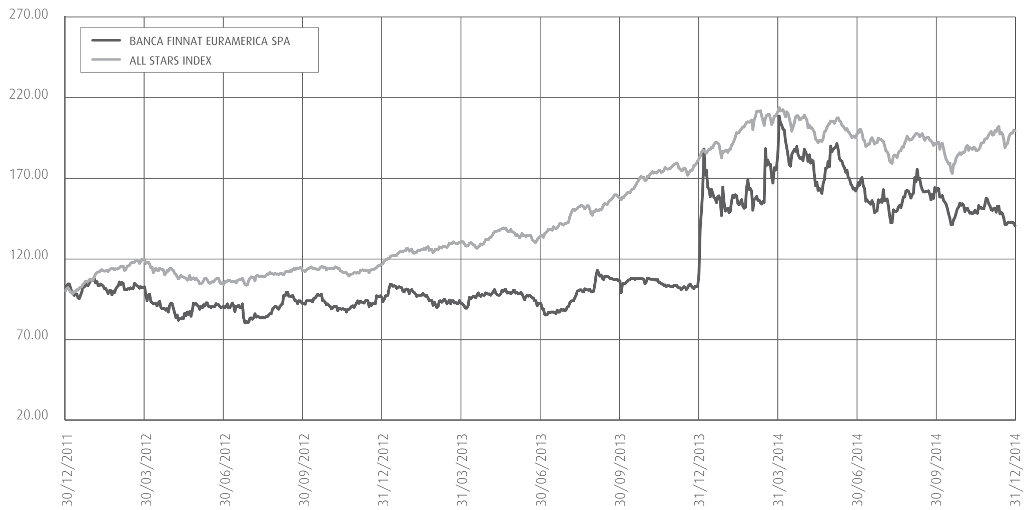


The total number of personnel in the Bank increased by five person compared to 31 December 2013 as shown in detail below:

	31.12.2014	31.12.2013
staff	**166**	**161**
– executives	23	22
– managers	68	68
– clerical workers	75	71
contractors	**8**	**8**
promoters	**3**	**3**
Total	**177**	**172**

With regard to changes in the number of employees, during the year 8 persons terminated their employment whilst 13 persons were hired in all (10 with undefined duration employment contracts).
The change was due to ordinary personnel turn-over and to the need to enhance some work areas. No employment contracts were terminated for disciplinary or personnel redundancy reasons.
Moreover, two defined duration employment contracts were transformed into undefined duration contracts.
In 2014, a total number of 1,300 training hours were administered, with a total number of 155 participations. The training initiatives were mainly oriented to enhancing and developing the management skills of personnel in positions of responsibility, and to strengthen the skills required by employees' assigned roles, in particular highly specialised ones (in this sense, of note were the training initiatives in favour of Commercial Management personnel and those dedicated to the members of the Anti-money laundering function).
In 2014, a great deal of effort was dedicated the training of managers, who participated in highly specialised individual course administered by national and international Universities and in a specific corporate project aimed at the construction and acquisition of a method of analysis for defining the organisational roles of Banca Finnat.

Banca Finnat share price trend and comparison with All Stars Index



STOCK EXCHANGE CAPITALISATION OF BANCA FINNAT EURAMERICA

(in thousands of euros)

	Number of shares	Market Price at 23 February 2015	Capitalisation at 23 February 2015	Net equity at 31 December 2014 including net profit (loss) for the year	Share capital
Ordinary shares	362,880,000	0.57350	208,112	233,512	72,576

TREASURY SHARES

At 31 December 2014, the Bank holds 25,105,632 treasury shares, representing 6.9% of the share capital with a total value of 12,410 thousand euros. At the end of the past year, the Bank held 24,052,398 treasury shares with a value of 11,959 thousand euros.

During the financial year, the Bank purchased 1,058,234 shares with a total value of 453 thousand euros and sold 5,000 shares.

RELATED PARTY TRANSACTIONS

The Bank complies with the Regulations for Related Party Transactions, approved by the Board of Directors on 2 August 2013 to define responsibilities and rules governing the identification, approval and implementation of related party transactions carried out by the Bank or by companies of the Banca Finnat banking group, in accordance with Article 2391-bis of the Italian Civil Code, the Consob Regulation adopted with resolution no. 17221 of 12 March 2010 and Title V, Chapter 5 of the Bank of Italy Circular no. 263 introducing “New Prudential Supervision Provisions for Banks”, respectively.

In compliance with these Regulations, the Board of Directors, on 18 December 2014, ascertained, as previously resolved in December 2012, the reduction of the credit lines to the company Unione Generale Immobiliare S.p.A. within the limits of the lower total amount of 15,395,000 euros until 31 December 2015.

The Bank also entered into transactions with subsidiary companies or companies subject to significant influence and ordinary transactions of lesser significance and under market conditions that have not impacted significantly on the financial position or results of operations of the company and moreover, in 2014, it did not carry out any transaction with related parties or subjects other than related parties considered to be of an “atypical or unusual” nature, and which, due to their magnitude/relevance might have cast doubts on the safeguarding of the Bank’s assets and the protection of minority shareholders’ rights.

Information required under IAS 24 is shown in part H of the notes to the financial statements.

OPTION FOR THE DOMESTIC CONSOLIDATED TAX SYSTEM

The Bank and its Italian-based subsidiaries have joined the "domestic consolidated tax system", pursuant to article 117/129 of the TUIR (Consolidated Income Tax Act). The option was renewed in 2013 also for the 2013/2014/2015 period.

By virtue of this option, the Group companies determine their proportion of the taxes payable and the corresponding fiscal income (taxable income or fiscal loss) is transferred to the Parent Company, relating to which a single taxable income or loss is reported (resulting from the arithmetical sum of its own and its participating subsidiaries' incomes/losses) and, consequently, a single income tax debt/credit determined.

COMPARISON OF KEY BALANCE SHEET AND INCOME STATEMENT FIGURES OF THE 2014 AND 2013 FINANCIAL YEARS

The main 2014 financial statement items and comparative items at 31 December 2013 are summarised below.

The balance sheet and income statement data were restated to assure comparability with those referred to 31 December 2014. The restatements pertain to:

- the application of the fair value criterion for the measurement of all equity investments in subsidiaries. Until last year, only the subsidiary Investire Immobiliare SGR S.p.A. was measured at fair value, inasmuch as it was the sole entity that managed real estate funds;
- the merger by absorption of the subsidiaries Finnat Investments S.p.A. and Finnat Real Estate S.r.l. by the Bank, which took place during the year in question;
- the reclassification of the deposits for margins with Cassa di Compensazione e Garanzia from Other assets to receivables Due from customers.

The tables reflect the minimum mandatory layout provided for in Circular Letter 262/2005 issued by the Bank of Italy.

BALANCE SHEET OF BANCA FINNAT EURAMERICA S.p.A.

(in thousands of euros)

	31.12.2014	31.12.2013		Absolute change 2014-2013 restated
		Published	Restated	
ASSETS				
Cash and cash equivalents	661	738	738	(77)
Financial assets held for trading	106,246	126,189	126,189	(19,943)
Available-for-sale financial assets	788,096	558,102	558,102	229,994
Financial assets held to maturity	2,319	2,670	2,670	(351)
Due from banks	74,539	95,853	95,853	(21,314)
Due from customers	284,098	278,731	295,502	(11,404)
Equity investments	73,467	68,385	69,256	4,211
Tangible assets	5,310	4,102	5,541	(231)
Intangible assets	415	399	399	16
Tax assets	4,372	4,739	4,783	(411)
Other assets	12,358	27,918	10,337	2,021
TOTAL ASSETS	**1,351,881**	**1,167,826**	**1,169,370**	**182,511**
LIABILITIES AND NET EQUITY				
Due to banks	97,194	95,482	95,482	1,712
Due to customers	945,734	798,338	797,715	148,019
Outstanding securities	48,658	41,685	41,685	6,973
Financial liabilities held for trading	2,359	381	381	1,978
Tax liabilities	4,391	4,459	4,522	(131)
Other liabilities	17,512	6,864	6,848	10,664
Staff severance fund	2,521	2,466	2,466	55
Net equity	233,512	218,151	220,271	13,241
TOTAL LIABILITIES AND NET EQUITY	**1,351,881**	**1,167,826**	**1,169,370**	**182,511**

INCOME STATEMENT OF BANCA FINNAT EURAMERICA S.p.A.

(in thousands of euros)

	FY 2014	FY 2013		2014-2013 Change restated	
		Published	Restated	Absolute	Percentage
Interest margin	**12,564**	**14,715**	**14,707**	**(2,143)**	**-15%**
Net Commissions	**12,713**	**10,427**	**10,427**	**2,286**	**22%**
Dividends and similar income	7,161	6,644	6,644	517	
Net income from trading activities	(1,701)	(2,503)	(2,503)	802	
Profit (loss) from disposal or repurchase:					
– available-for-sale financial assets	4,752	1,612	1,609	3,143	
Earnings margin	**35,489**	**30,895**	**30,884**	**4,605**	**15%**
Value adjustment for impairment	(2,963)	(697)	(697)	(2,266)	
Net income from financial operations	**32,526**	**30,198**	**30,187**	**2,339**	**8%**
Staff costs	(16,917)	(15,943)	(16,015)	(902)	
Other administrative expenses	(11,130)	(9,733)	(9,687)	(1,443)	
Value adjustments on tangible and intangible assets	(436)	(444)	(450)	14	
Other operating income/expenses	1,254	2,717	2,719	(1,465)	
Operating costs	**(27,229)**	**(23,403)**	**(23,433)**	**(3,796)**	**16%**
Pre-tax income (loss) from current operations	**5,297**	**6,795**	**6,754**	**(1,457)**	**-22%**
Income tax for the year on current operations	(964)	(1,623)	(1,619)	655	
Profit (loss) for the year	**4,333**	**5,172**	**5,135**	**(802)**	**-16%**

Following are a series of Bank operating ratios at 31 December 2014 compared with the operating ratios of the previous year.

	FY 2014 (%)	FY 2013 (%) restated
Interest margin/earnings margin	35.40	47.62
Net commissions/earnings margin	35.82	33.76
Cost/income ratio (operating costs/earnings margin)	76.73	75.87
ROE (profit (loss) for the year/net equity)	1.86	2.33
ROA (profit (loss) for the year/total assets)	0.32	0.44

Based on the analysis of the above ratios:

- the interest margin/earnings margin ratio decreased as a result of the decline in interest margin and of the increase in the earnings margin compared to the previous financial year;
- the net commissions/earnings margin ratio increased as a result of the 22% increase in net commissions versus 15% growth in the earnings margin compared to the previous financial year;
- the cost/income ratio, the Return On Equity (ROE) and the Return On Assets (ROA) remained substantially unchanged.

MAIN TRANSACTIONS IN THE YEAR, SIGNIFICANT SUBSEQUENT EVENTS AND OPERATING OUTLOOK

The main transactions in the year

Following is an overview of the main transactions and most significant events in the period:

- on 28 April 2014, the Shareholders' Meeting:
  - repealed in advance the previous resolution for the purchase of own shares, valid until 24 April 2014, and authorised the BoD to vest the requisite powers in one of the directors, or the General Manager, to purchase – in one or more instalments, between 29 April 2014 and 28 April 2015 – up to a revolving maximum of 5,000,000 ordinary own shares, in addition to those already held, and, in any case, for a total additional sum of no more than 3,000,000 euros;
  - approved the Remuneration Report prepared in accordance with article 123-ter of Italian Legislative Decree no. 58/98;
- on 26 June 2014, the Board of Directors resolved to:
  - define, pursuant to art. 29 of the recent delegated Regulation (EU) no. 241/2014, the operating purposes of the buy-back plan - to be oriented to market making - also setting the threshold of the amount of stock value to be purchased at 2,177,280 euros;
  - approve, following authorisation issued by the Bank of Italy on 9 June 2014, the merger by incorporation, into Banca Finnat, of the two subsidiaries, 100% held, Finnat Investments S.p.A. and Finnat Real Estate S.r.l.;
  - authorise the execution of the Shareholder Agreements related to the merger by absorption of Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. into Investire Immobiliare SGR S.p.A., in compliance with the letter of intent signed on 12 May 2014 by the three participants in the merger and by their respective shareholders.

    This agreement set forth and defined the principles on the basis of which the integration of the three companies is to proceed; the purpose of the integration is to establish a leading national operator in the sector of real estate management. The company resulting from the integration will be owned by Banca Finnat Euramerica, with 50.16%, by Beni Stabili Siiq, with 17.90%, by Regia S.r.l. (G.Benetton Group) with 11.64%, by Fondazione Cariplo with 8.65%, by Cassa Italiana di Previdenza e Assistenza Geometri with 7.72%, by ICCREA Holding with 2.38% and by Fondazione Cassa dei Risparmi di Forlì with 1.55%;
- on 27 June 2014, the Board of Directors of the subsidiary Investire Immobiliare SGR S.p.A., acknowledging the decision by the Board of Directors of the Parent Company pertaining to the merger by absorption of Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. into Investire Immobiliare SGR S.p.A., resolved to approve the draft merger terms;
- on 25 September 2014, the Board of Directors of the Bank co-opted, to replace Mr. Angelo Nattino, Attorney Saverio Rizzuti as an executive, non-independent Director;
- on 30 October 2014, the Bank of Italy authorised the merger by absorption of Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. into Investire Immobiliare SGR S.p.A.;
- on 2 December 2014, with the registration - with the Register of Companies of Rome - of the deed of merger executed on 28 November 2014 the merger by absorption into Banca Finnat of the two wholly owned subsidiaries Finnat Investments S.p.A. and Finnat Real Estate S.r.l. took legal effect;

the accounting and fiscal effects were backdated to 1 January 2014;

- on 17 December 2014, the extraordinary Shareholders' Meetings of Investire Immobiliare SGR S.p.A., Beni Stabili Gestioni SGR S.p.A. e Polaris Real Estate SGR S.p.A. approved the merger by absorption into Investire Immobiliare SGR S.p.A. of the other two SGR, already approved by their respective Board of Directors on 27 and 30 June;
- on 29 December 2014, the deed of merger per the previous point, executed on 19 December 2014 and with effect from 1 January 2015, was registered with the competent Registers of Companies.

Significant events occurring after the end of the financial year

In the period spanning the end of the 2014 financial year and the date on which these financial statements were prepared, no significant events or factors that could affect the financial position, capital position, or results of operations of the Bank emerged.

Strategy for 2015 and operating outlook

Based on the current forecasts formulated on the annual performance of the Bank, the result for the year 2015 is expected to be at least in line with that of 2014, with the possibility of increasing performance as the general economic situation improves.

* * *

Dear Shareholders,

We submit the financial statements for 2014, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in net equity, cash flow statement and notes to the financial statements, as well as the related attachments and the report on operations, for your approval.
We would also suggest allocating the year's profits as follows:

profit for the year	**4,332,709**	**euros**
• to the legal reserve, for 5% to be set aside in compliance with the law and the articles of association	216,635	euros
to the 362,880,000 ordinary shares a gross dividend of 0.010 euros per share corresponding to 5% of the nominal value of the shares	3,628,800	euros
(in accordance with Article 2357-ter of the Italian Civil Code the profits due to own shares held as of the date on which the dividend registration date will be allocated proportionally to the other shares)		
• to extraordinary reserve	487,274	euros
totalling	**4,332,709**	**euros**

In accordance with Article 1 of the Italian Ministerial Decree of 2 April 2008, the dividend of this proposal, exclusively for taxation purposes, is assumed to be formed with the profits produced in years prior to 31 December 2007, having verified the presence of adequate reserves formed with the profit generated through the current year at that date.
Additionally, the stated allocation of the year's profits complies with the provisions of Art. 6 of Italian Legislative Decree no. 38/2005.

As a result of the proposed allocations, the item "Reserves" will break down as follows:

• legal reserve	8,936,456	euros
• dividend adjustment reserve	6,724,772	euros
• reserve for purchases of treasury shares	1,731,886	euros
• reserve for purchased own shares	12,409,577	euros
• extraordinary reserve	56,808,622	euros
• profit brought forward	179,409	euros
• reserve for merger surplus	524,609	euros
Total profit reserves	87,315,331	euros
Other reserves (profits from own shares and reserve for stock option plan)	5,334,940	euros
Total profit reserves	92,650,271	euros

Before moving to the analysis of the various financial statement items, the Board wishes to thank all the Company's staff for the excellent work they have done.
Rome, 12 March 2015

On behalf of the Board of Directors
The Chairman
Mr. Giampietro Nattino

BALANCE SHEET OF BANCA FINNAT EURAMERICA S.P.A.

(amounts in euros)

	Asset items	31.12.2014	31.12.2013
10.	**Cash and cash equivalents**	**661,166**	**738,252**
20.	Financial assets held for trading	106,245,716	126,189,492
40.	Available-for-sale financial assets	788,095,556	558,101,657
50.	Financial assets held to maturity	2,319,366	2,669,899
60.	Due from banks	74,539,253	95,853,042
70.	Due from customers	284,098,446	295,502,407
100.	Equity investments	73,467,144	69,256,212
110.	Tangible assets	5,310,425	5,541,060
120.	Intangible assets	414,642	398,505
	of which:		
	– goodwill	300,000	300,000
130.	Tax assets	4,372,400	4,782,719
	a) current	1,979,774	2,046,680
	b) advance	2,392,626	2,736,039
	of which in Italian Law 214/2011	2,220,506	2,309,696
150.	Other assets	12,356,499	10,336,958
	Total assets	**1,351,880,613**	**1,169,370,203**

The data at 31 December 2013 were restated to assure comparability with those referred to 31 December 2014.

	Liabilities and net equity	31.12.2014	31.12.2013
10.	Due to banks	97,193,746	95,481,665
20.	Due to customers	945,734,056	797,714,926
30.	Outstanding securities	48,658,106	41,685,245
40.	Financial liabilities held for trading	2,359,131	381,324
80.	Tax liabilities	4,391,393	4,522,119
	a) current	393,835	522,780
	b) deferred	3,997,558	3,999,339
100.	Other liabilities	17,511,626	6,847,927
110.	Staff severance fund	2,520,764	2,466,056
130.	Valuation reserves	77,066,297	64,255,074
160.	Reserves	91,946,362	90,263,512
180.	Share capital	72,576,000	72,576,000
190.	Own shares (-)	(12,409,577)	(11,958,838)
200.	Profit (Loss) for the year (+/-)	4,332,709	5,135,193
	Total liabilities and net equity	**1,351,880,613**	**1,169,370,203**

The data at 31 December 2013 were restated to assure comparability with those referred to 31 December 2014.

INCOME STATEMENT OF BANCA FINNAT EURAMERICA S.P.A.

(amounts in euros)

	Items	FY 2014	FY 2013
10.	Interest income and similar income	16,933,108	18,372,430
20.	Interest expense and similar expense	(4,369,504)	(3,665,221)
30.	**Interest margin**	**12,563,604**	**14,707,209**
40.	Commission income	13,658,759	11,313,068
50.	Commission expense	(945,914)	(885,580)
60.	**Net Commissions**	**12,712,845**	**10,427,488**
70.	Dividends and similar income	7,160,685	6,643,717
80.	Net income from trading activities	(1,700,885)	(2,503,047)
100.	Profit (loss) from the transfer or the repurchase of:		
	b) available-for-sale financial assets	4,752,153	1,609,432
120.	**Earnings margin**	**35,488,402**	**30,884,799**
130.	Net value adjustments/write-backs for impairment of:		
	a) receivables	(1,313,641)	(639,023)
	b) available-for-sale financial assets	(1,602,316)	(58,058)
	d) other financial transactions	(46,858)	-
140.	**Net income from financial operations**	**32,525,587**	**30,187,718**
150.	Administrative expenses:		
	a) staff costs	(16,916,847)	(16,015,308)
	b) other administrative expenses	(11,130,406)	(9,686,636)
170.	Net value adjustments/write-backs on tangible assets	(394,598)	(400,921)
180.	Net value adjustments /write-backs on intangible assets	(40,993)	(48,645)
190.	Other operating income/expenses	1,254,295	2,717,731
200.	**Operating costs**	**(27,228,549)**	**(23,433,779)**
250.	**Pre-tax income (loss) from current operations**	**5,297,038**	**6,753,939**
260.	Income tax for the year on current operations	(964,329)	(1,618,746)
270.	**Income (loss) from current operations after tax**	**4,332,709**	**5,135,193**
290.	**Profit (loss) for the year**	**4,332,709**	**5,135,193**

The data for the year 2013 were restated to assure comparability with those referred to the year 2014.

STATEMENT OF COMPREHENSIVE INCOME OF BANCA FINNAT EURAMERICA S.P.A.

(amounts in euros)

	Items	FY 2014	FY 2013
10.	**Profit (loss) for the year**	**4,332,709**	**5,135,193**
	Other income items after tax without reallocation to income statement		
40.	Defined-benefit plans	(85,405)	66,035
	Other income items after tax with reallocation to income statement		
100.	Available-for-sale financial assets	12,896,628	14,551,584
130.	**Total other income items after tax**	**12,811,223**	**14,617,619**
140.	**Comprehensive income (Item 10+130)**	**17,143,932**	**19,752,812**

The data for the year 2013 were restated to assure comparability with those referred to the year 2014.

Item 100. includes the change in the fair value of the equity investments in subsidiaries.

STATEMENT OF CHANGES IN NET EQUITY AT 31 DECEMBER 2014

(in euros)

	Balances at 31.12.2013	Changes in opening balances	Balances at 01.01.2014	Allocation of previous FY profit: Reserves	Allocation of previous FY profit: Dividends and other allocations
Share capital:	**72,576,000**		**72,576,000**	**–**	**–**
a) ordinary shares	72,576,000		72,576,000	–	–
b) other shares			–	–	–
Share issue premiums	**–**		**–**	**–**	**–**
Reserves:	**90,263,512**	**–**	**90,263,512**	**1,506,393**	**–**
a) profit	85,105,029		85,105,029	1,506,393	
b) other	5,158,483		5,158,483	–	–
Valuation reserve	**64,255,074**		**64,255,074**	**–**	**–**
Capital instruments	**–**		**–**		
Treasury shares	**(11,958,838)**		**(11,958,838)**		
Profit (Loss) for the year	**5,135,193**		**5,135,193**	**(1,506,393)**	**(3,628,800)**
Net equity	**220,270,941**	**–**	**220,270,941**	**–**	**(3,628,800)**

The data at 31 December 2013 were restated to assure comparability with those referred to 31 December 2014.

STATEMENT OF CHANGES IN NET EQUITY AT 31 DECEMBER 2013

(in euros)

	Balances at 31.12.2012	Changes in opening balances	Balances at 01.01.2013	Allocation of previous FY profit: Reserves	Allocation of previous FY profit: Dividends and other allocations
Share capital:	**72,576,000**		**72,576,000**	**–**	**–**
a) ordinary shares	72,576,000		72,576,000	–	–
b) other shares			–	–	–
Share issue premiums	**–**		**–**	**–**	**–**
Reserves:	**84,934,197**	**49,154**	**84,983,351**	**4,707,327**	**–**
a) profit	79,786,972	49,154	79,836,126	4,707,327	
b) other	5,147,225		5,147,225	–	–
Valuation reserve	**49,816,864**	**(179,409)**	**49,637,455**	**–**	**–**
Capital instruments	**–**		**–**		
Treasury shares	**(10,939,648)**		**(10,939,648)**		
Profit (Loss) for the year	**8,205,872**	**130,255**	**8,336,127**	**(4,707,327)**	**(3,628,800)**
Net equity	**204,593,285**	**–**	**204,593,285**	**–**	**(3,628,800)**

The "Changes in opening balance", made last year, refers to the restated data on a consistent basis to take into account the changes in IAS 19.
The data at 31 December 2013 were restated to assure comparability with those referred to 31 December 2014.

	Changes during the year								Net equity at 31.12.2014
	Changes in the reserves	Net equity transactions						Comprehensive income FY 31.12.2014	
		New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock Options		
	–	–	–	–	–	–	–	–	72,576,000
	–	–	–	–	–	–	–	–	72,576,000
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	49	–	–	–	–	–	176,408	–	91,946,362
	-								86,611,422
	49	–	–	–	–	–	176,408	–	5,334,940
	–	–	–	–	–	–	–	12,811,223	77,066,297
					–				–
	–		(450,739)						(12,409,577)
	–	–	–	–	–	–	–	4,332,709	4,332,709
	49	–	(450,739)	–	–	–	176,408	17,143,932	233,511,791

	Changes during the year								Net equity at 31.12.2013
	Changes in the reserves	Net equity transactions						Comprehensive income FY 31.12.2013	
		New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock Options		
	–	–	–	–	–	–	–	–	72,576,000
	–	–	–	–	–	–	–	–	72,576,000
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	561,576	–	–	–	–	–	11,258	–	90,263,512
	561,576	–							85,105,029
	–	–	–	–	–	–	11,258	–	5,158,483
	–	–	–	–	–	–	–	14,617,619	64,255,074
					–				–
	–		(1,019,190)						(11,958,838)
	–	–	–	–	–	–	–	5,135,193	5,135,193
	561,576	–	(1,019,190)	–	–	–	11,258	19,752,812	220,270,941

STATEMENT OF CASH FLOWS (indirect method)

(in euros)

	Amount	
	31.12.2014	**31.12.2013**
A. OPERATING ACTIVITIES		
1. Management	**6,018,372**	**2,615,021**
– net profit (loss) for the year (+/-)	4,332,709	5,135,193
– capital gains/losses on financial assets held for trading and on financial assets/liabilities carried at fair value (-/+)	16,882	1,915,535
– capital gains/losses on hedging assets (-/+)	–	–
– net value adjustments/write-backs for impairment (+/-)	2,962,815	697,081
– net value adjustments/write-backs on tangible and intangible fixed assets (+/-)	1,953,063	(920,904)
– net allocations to the provisions for risks and charges and other costs/revenues (+/-)	684,241	652,015
– taxes, duties and tax credits not liquidated (+/-)	964,329	1,618,746
– net value adjustments/write-backs of groups of assets being disposed after tax (+/-)	–	–
– other adjustments (+/-)	(4,895,667)	(6,482,645)
2. Cash generated by/used in financial assets	**(187,705,083)**	**(241,784,958)**
– financial assets held for trading	19,926,894	20,015,336
– financial assets carried at fair value	–	–
– available-for-sale financial assets	(231,596,215)	(201,689,799)
– due from banks: on demand	670,736	(2,656,558)
– due from banks: other receivables	15,347,816	(20,576,852)
– due from customers	10,090,321	(48,658,339)
– other assets	(2,144,635)	11,781,254
3. Cash generated by/used in financial liabilities	**168,716,045**	**223,267,755**
– due to bank: on demand	1,559,200	164,684
– due to banks: other payables	152,881	523,528
– due to customers	148,019,130	247,833,779
– outstanding securities	6,972,861	(22,486,872)
– financial liabilities held for trading	1,977,807	(67,488)
– financial liabilities carried at fair value	–	–
– other liabilities	10,034,166	(2,699,876)
Cash generated by/used in operating activities	**(12,970,666)**	**(15,902,182)**

	Amount	
	31.12.2014	31.12.2013
B. INVESTING ACTIVITIES		
1. Cash generated by	**5,701,296**	**4,606,236**
– disposals of equity investments	–	–
– dividends received on equity investments	5,295,237	4,600,186
– disposal of financial assets held to maturity	394,091	–
– disposals of tangible assets	11,968	–
– disposals of intangible assets	–	6,050
– disposals of business units	–	–
2. Cash used in	**(1,715,855)**	**(203,776)**
– purchases of equity investments	–	–
– purchases of financial assets held to maturity	(43,558)	(54,493)
– purchases of tangible assets	(1,615,167)	(130,649)
– purchases of intangible assets	(57,130)	(18,634)
– purchases of business units	–	–
Cash generated by/used in investing activities	**3,985,441**	**4,402,460**
C. FINANCING ACTIVITIES		
– issues/purchases of own shares	(450,739)	(1,019,190)
– issues/purchases of capital instruments	176,455	11,258
– dividend distribution and other purposes	9,182,423	11,550,395
Cash generated by/used in financing activities	**8,908,139**	**10,542,463**
CASH GENERATED/USED DURING THE YEAR	**(77,086)**	**(957,259)**

Key:
(+) generated
(-) used

RECONCILIATION	31.12.2014	31.12.2013
ITEMS		
Cash and cash equivalents at the beginning of the period	738,252	1,695,511
Total net cash generated/used during the year	(77,086)	(957,259)
Cash and cash equivalents: effect of exchange rate changes		
Cash and cash equivalents at the end of the year	661,166	738,252

The data at 31 December 2013 were restated to assure comparability with those referred to 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS OF BANCA FINNAT EURAMERICA S.P.A.

Set out below are the sections of the Notes to the Financial Statements applicable to the Bank.

Part A – Accounting policies

A.1 – General information

Section 1 - Statement of compliance with international accounting standards
Section 2 - General financial reporting principles
Section 3 - Subsequent events
Section 4 - Other information

A.2 – Information on the main financial statement items

A.3 – Information on transfers between portfolios of financial assets

A.4 – Information on fair value

A.5 – Report on the so-called “day one profit/loss”

Part B – Information on the balance sheet

ASSETS

Section 1 - Cash and cash equivalents - Item 10
Section 2 - Financial assets held for trading - Item 20
Section 4 - Available-for-sale financial assets - Item 40
Section 5 - Financial assets held to maturity - Item 50
Section 6 - Due from banks - Item 60
Section 7 - Due from customers - Item 70
Section 10 - Equity investments - Item 100
Section 11 - Tangible assets - Item 110
Section 12 - Intangible assets - Item 120
Section 13 - Tax assets and liabilities - Items 130 (assets) and 80 (liabilities)
Section 15 - Other assets - Item 150

LIABILITIES

Section 1 - Due to banks - Item 10
Section 2 - Due to customers - Item 20
Section 3 - Outstanding securities - Item 30
Section 4 - Financial liabilities held for trading - Item 40
Section 8 - Tax liabilities - Item 80
Section 10 - Other liabilities - Item 100
Section 11 - Staff severance fund - Item 110
Section 14 - Net equity - Items 130, 160, 180, 190 and 200

OTHER INFORMATION

Part C – Information on the Income Statement
Section 1 - Interest - Items 10 and 20
Section 2 - Commissions - Items 40 and 50
Section 3 - Dividends and similar income - Item 70
Section 4 - Net income from trading activities - Item 80
Section 6 - Profit (loss) from disposal/repurchase - Item 100
Section 8 - Net value adjustments/write-backs for the impairment - Item 130
Section 9 - Administrative expenses - Item 150
Section 11 - Net value adjustments/write-backs on tangible assets - Item 170
Section 12 - Net value adjustments/write-backs on intangible assets - Item 180
Section 13 - Other operating income/expenses - Item 190
Section 18 - Income tax for the year on current operations - Item 260
Section 21 - Earnings per share

Part D – Comprehensive income

Part E – Risk information and related hedging policies
Section 1 - Credit risk
Section 2 - Market risk
Section 3 - Liquidity risk
Section 4 - Operating risk

Part F – Information on net equity
Section 1 - Net equity
Section 2 - Own funds and capital ratios

Part G - Business combinations pertaining to entities or business units

Part H – Related party transactions

Part I – Payment agreements based on own capital instruments

Part L – Segment Reporting

A – Primary reporting
B – Secondary reporting

Significant non-recurring operations and positions or transactions descending from atypical and/or unusual operations

Part A – Accounting policies

A.1 – General information

Section 1 – Statement of compliance with international accounting standards

The financial statements at 31 December 2014 of Banca Finnat Euramerica S.p.A. have been prepared applying the International Accounting Standard (IAS) and the International Financial Reporting Standards (IFRS), as amended by the International Accounting Standards Board (IASB) and approved by the European Commission, in force at 31 December 2014, in accordance with the procedures laid down in EC Regulation no. 1606/02.

The international accounting standards have been applied taking into account, where necessary, the "Framework for the Preparation and Presentation of financial statements" (the Framework).

For further guidance on the application of the new accounting standards, the Company has also referred to the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC), as well as the documents issued to support the introduction of the IAS/IFRS in Italy by the Organismo Italiano di Contabilità (OIC) – the Italian Accounting Board – and the documents produced by the Italian Bankers' Association (ABI).

If no standard or applicable interpretation applied specifically to a transaction, other event or condition, reference was made to the provisions and guidelines contained in the standards and interpretations dealing with similar and related issues, taking into account the Framework provisions.

Section 2 – General financial reporting principles

In accordance with the requirements jointly issued by the Bank of Italy, Consob and Isvap no. 2 of 6 February 2009 and paragraphs 25 and 26 of IAS 1, the Directors of the Bank have taken into account with the utmost caution and attention – for the purpose of preparing the financial statements – a series of financial, management and other indicators, in order to identify the existence of any circumstance that may be relevant for assessing the compliance with the 'going concern' requirement.

As a result of the audits carried out in respect of the realisable value of the assets– based on prudent weighted assessments – and in consideration of the reliability and results of the risk measurement systems, the Directors of the Bank are confident there is no evidence that could cast doubts in respect of the going concern assumption. Given the size of the Bank's assets, the substantial financial resources owned and the breakdown, quality and liquidity of the Bank's portfolio of financial assets, the Directors of the Bank have prepared these financial statements in the full conviction that the Group meets the requirements of a going concern in the foreseeable future.

The separate financial statements of Banca Finnat Euramerica S.p.A. as at 31 December 2014 were prepared in accordance with the provisions laid down by Circular Letter no. 262 of 22 December 2005 "Banks' financial statements: layout and preparation" – 3rd revision of 22 December 2014 – issued by the Bank of Italy in the exercise of the powers established by Article 9 of Italian Legislative Decree no. 38/2005.

The separate financial statements consist of: the balance sheet, income statement, statement of changes in net equity, statement of comprehensive income, cash flow statement and these notes to the financial statements. They also comprise the directors' report on the Bank's situation, on operations as a whole and in the various sectors in which it has operated as well as on main risks and uncertainties that it faces.

In addition, the following documents are attached to the separate financial statements as required by specific legal regulations or established practice:
- Statement of changes in equity investments
- Statement of significant equity investments

In addition, the Balance Sheet and Income Statement for the year 2013 are provided, restated as a result of the fair value measurement of all equity investments in subsidiaries, of the merger into Banca Finnat of the subsidiaries Finnat Real Estate S.r.l. and Finnat Investments S.p.A. and of the reclassification of the deposits for margins with Cassa di Compensazione e Garanzia from Other assets to receivables Due from customers.

The Corporate Governance Report is provided in the specific section, drawn up in accordance with Article 123-bis of the Italian Consolidated Financial Law.

The separate notes to the financial statements provide all information required by law and additional information deemed necessary to give a true and fair view of the Bank's situation. If the information required by the international accounting standards and by the provisions of circular letter no. 262 of 22 December 2005 (third revision of 22 December 2014) issued by the Bank of Italy does not suffice to give a true and fair, reliable, comparable and comprehensible view, the notes to the financial statements provide additional information for said purpose.

The tables of the consolidated balance sheet, income statement and statement of comprehensive income are made up of items, sub-items and by additional information on the items and sub-items. The items, sub-items and related details constitute the financial accounts. All items with nil balances either for the current or for the previous financial year are not shown. Revenues in the income statement and statement of comprehensive income are shown without any sign whilst costs are shown in brackets.

Comparative figures are shown for each account item of the balance sheet, income statement and statement of comprehensive income. If the account items are not comparable with those of the previous financial year, they are adjusted; the lack of comparability, any adjustment made or the inability to make any such adjustment are reported and commented in the notes to the financial statements.

Consistently with Article 5 of Italian Legislative Decree no. 38 of 28 February 2005, the Separated financial statements were prepared using the euro as the presentation currency. The amounts of the statements are expressed in euros, whilst the figures of the Accompanying Notes, unless otherwise specified, are presented in thousands of euros.

The separate financial statements provide a true and fair view of the financial position, the result for the year and cash flows. The financial statements were also prepared, as specified above, on a going concern basis (IAS 1 paragraph 25), on an accrual basis (IAS 1 paragraphs 27 and 28), in compliance with the obligation to make adjustments to reflect the events subsequent to the reference date of the financial statements (IAS 10). The assets and liabilities, income and expenses have not been offset, except where required or allowed by a principle or interpretation (IAS 1 paragraph 32). The cost of inventory and of the financial instruments was calculated using the weighted average daily cost method, (IAS 2, paragraph 25).

As regards disclosures to be provided in the financial statements, the directors of the Bank have also considered that indicated in the joint document no. 4 of 4 March 2010 issued by Bank of Italy, Consob and Isvap.

The separate financial statements for Banca Finnat Euramerica S.p.A. were audited by Reconta Ernst & Young S.p.A., to whose report attached hereto specific reference is made.

Following are the Regulations endorsed by the European Commission which shall apply from 1 January 2014 onwards:

- Regulation no. 1254/2012 – IFRS 10 Consolidated financial statements; IFRS 11 Joint arrangements; IFRS 12 Disclosure of Interests in Other Entities; IAS 27 Consolidated and Separate financial statements; IAS 28 Investments in associates and joint ventures;
- Regulation no. 1256/2012 – IAS 32 Financial Instruments: Presentation;
- Regulation no. 313/2013 – IFRS 10 Consolidated Financial Statements; IFRS 11 Joint arrangements; IFRS 12 Disclosure of Interests in Other Entities;
- Regulation no. 1174/2013 – IFRS 10 Consolidated Financial Statements; IFRS 12 Disclosure of Interests in Other Entities; IAS 27 Consolidated and Separate financial statements;
- Regulation no. 1374/2013 – IAS 36 Impairment of assets;
- Regulation no. 1375/2013 – IAS 39 Financial Instruments: Recognition and Measurement.

The adoption of the above-mentioned Regulations did not impact these financial statements.

It should also be noted that the following Regulations became effective from 1 January 2015:

- Regulation no. 634/2014 – IAS 37 Financial Instruments: Provisions, Contingent Liabilities and Contingent Assets
- Regulation no. 28/2015 – IFRS 2010-2012 annual improvements cycle;
- Regulation no. 29/2015 – IAS 19 Defined Benefit Plans: Employee Contributions;
- Regulation no. 1361/2014 – IFRS 2011-2013 annual improvements cycle.

Moreover, on 24 July 2014 the IASB issued IFRS 9 Financial instruments, which will regulate the classification and measurement of financial instruments taking the place of the current IAS 39. This standard, which shall enter into force on 1 January 2018, has not yet been endorsed by the European Commission.

Section 3 – Subsequent events

In the period spanning the end of the 2014 financial year and the date on which these financial statements were prepared, no significant events or factors that could affect the financial position, capital position, or results of operations of the Bank emerged.

The 2014 statutory financial statements are submitted for the approval of the Shareholders' Meeting convened for 28 and 29 April 2015, on first and second call, respectively.

Section 4 – Other information

Merger by absorption of the subsidiaries Finnat Real Estate S.r.l. and Finnat Investments S.p.A. into Banca Finnat Euramerica S.p.A.

On 2 December 2014, the deed of merger by absorption into Banca Finnat Euramerica S.p.A. of the two wholly owned subsidiaries Finnat Investments S.p.A. and Finnat Real Estate S.r.l. was registered with the Register of Companies of Rome.
Therefore, the merger became effective for civil law purposes from that date onwards, whilst the accounting and tax effects were back-dated to 1 January 2014.

This extraordinary transaction, carried out for the purposes of the Group's reorganisation - therefore, without effects on the consolidated financial statements - is a business combination between entities "under common control" and therefore it remains outside the scope of IFRS 3 - Business Combinations.

Preliminary Guideline (OPI no. 1) issued by Assirevi confirms that business combinations between entities under common control are excluded from the scope of IFRS 3 and there is no other international accounting standard the explicitly regulates them.

According to IAS 8, in the absence of specific provisions set forth by IAS/IFRS, the entity's management shall use its judgement in applying an accounting policy that results in information that is relevant, prudent and reflects the economic substance of the transaction, regardless of its legal form. In compliance with these provisions, the criteria for reporting the business combinations carried out within a project for the reorganisation of the Group, inasmuch as they lack significant influence on the cash flows of the merged entities, preserve the continuity of the values of the acquired entity in the financial statements of the acquiring entity.

Therefore, the reporting of said merger was carried out on the basis of the book values of the assets and liabilities of the merged subsidiaries whereas the difference between said values and the carrying amount of the equity investments held by the parent company was allocated to increase the latter's net equity by a total amount of 525 thousand euros (of which 440 thousand euros originated from the absorption of Finnat Investments S.p.A. and 85 thousand euros from the absorption of Finnat Real Estate S.r.l.).

In accordance with Article 172, Paragraph 5 of the TUIR (Consolidated Income Tax Act), the Bank did not have to reconstitute "Deferred tax reserves" because they were not present in the last financial statements closed by both absorbed entities.
For the purpose of the comparability of financial statement data, Assirevi's Preliminary Guideline (OPI no. 2) provides that the balance sheet and income statement values of the absorbed company shall be presented together with those of the merging company starting from the year prior to the merger, and therefore the values referring to the previous year shall be restated in the financial statement of the year after the merger.
Therefore, in consideration of the back-dating to 1 January 2014 of the accounting and fiscal effects of the merger of Finnat Investments S.p.A. and Finnat Real Estate S.r.l. into Banca Finnat Euramerica S.p.A., the restated Balance Sheet and Income Statement for the year 2013, which also take into account the aforesaid merger, are enclosed to the separate Financial Statements.

Risks and uncertainties linked to the use of estimates

In compliance with the IAS/IFRS standards, the Bank carries out evaluations, estimates and assumptions in support of the application of the accounting standards and for the determination of the amounts of the assets, liabilities, costs and revenues reported in the financial statements. In respect of the preparation of the financial statements at 31 December 2014, the Bank used estimates (based on the most recent available data), in several limited cases and for immaterial amounts, in respect of both several balance sheet and several income statement items.

Exemption from the preparation of the fourth interim financial report for 2014

With the transposition of the Directive on shareholders' rights (Italian Legislative Decree no. 27 of 27 January 2010), paragraph 1 of article 154-*ter* ("Financial Relations") of the Italian Consolidated Law on Finance (the "TUF") was amended. This amendment establishes that the annual Financial Report, comprising the draft statutory financial statements, the consolidated financial statements, if prepared, the report on operations and the certification of the appointed administrative bodies and the Manager in charge of preparing the accounting documents, must be published within 120 days of the company year end. The obligation to ensure publication within 120 days refers specifically to the "draft financial statements" approved by the administrative body and no longer to the "statutory financial statements" approved by the shareholders' meeting. As such, this amendment restores, for listed companies, the option to postpone approval of the financial statements within maximum terms of 180 days as established by Article 2364, paragraph 2 of the Italian Civil Code, which had been abolished by Directive 2004/109/EC (the Transparency Directive). The decree also establishes that, as an exception to Article 2429, paragraph 1 of the Italian Civil Code, the draft financial statements must be disclosed by the directors to the board of auditors and auditing firm at least 15 days prior to publishing the draft.

With reference to companies belonging to the STAR segment, Borsa Italiana has established the publication - in addition to the reports concerning the first and third quarters, as required by paragraph 5 of Article 154-*ter* – also the interim report on operations with reference to the 4th quarter; it has also allowed to omit drafting said report if publication of the draft financial statements is brought forward to 90 days as from the end of the year of reference. The term of 90 days (previously set to 75 days prior to the amendments introduced with the implementation of the Directive as explained above) was established by Borsa Italiana with its notice no. 14924 of 8 October 2010 concerning the "Amendments made to the Market Regulation". In view of the above, the Bank opted not to publish the 4th interim report on operations, by making the draft separate and consolidated financial statements as of 31 December 2014, complete with the certification by the manager in charge of preparing the accounting documents, the Report by the Board of Statutory Auditors and by the Auditing Firm, available to shareholders and to the market within the term of 90 days from the end of the financial year.

A.2 – Information on the main financial statement items

The main accounting standards adopted in preparing the statutory Financial Statements at 31 December 2014 remained unchanged with respect to those adopted in the Financial Statements at 31 December 2013 as concerns classification, measurement and de-recognition criteria in general, and the recognition criteria for costs and revenues.
Nevertheless, the following is pointed out:

- starting from the year in question, all companies belonging to the categories of controlling interests are measured at fair value. Until last year, only the subsidiary Investire Immobiliare SGR S.p.A. was measured at fair value, inasmuch as it was the sole entity that managed real estate funds;
- in the year in question, the merger by absorption of Finnat Investments S.p.A. and Finnat Real Estate S.r.l. into the Bank was completed.

For the purpose of data comparability, therefore, the balances at 31 December 2013 were restated, with reference to the first point in application of IAS 8, and with reference to the second point in application of the Assirevi Preliminary Guideline OPI no. 2. In addition, the deposits for margins with Cassa di Compensazione e Garanzia were also reclassified from Other assets to receivables Due from customers.
The Balance Sheet and Income Statement, illustrating in detail the restatements made, are enclosed to the Financial Statements.

Financial assets held for trading

Classification criteria
This category includes debt securities, equities, mutual investment funds and the positive fair value of derivative contracts other than those held for hedging purposes. The positive fair value of the derivatives entered into by the Bank for risk hedging purposes, but which do not satisfy the efficiency test, is also recorded.

The classification of a financial instrument in the category of assets or liabilities held for trading should be made at the initial recognition. The reclassification of these types of instruments is permitted only in "rare circumstances" and should in any case be made at the fair value as at the transfer date.

Recognition criteria
Financial instruments are recorded in the category on the settlement date, except for derivatives that are recognised by the subscription date.

They are initially recognised at their fair value, which usually coincides with the purchase price.

Measurement criteria

Subsequent as at initial recognition, financial assets held for trading are carried at their fair value, with the results of any change in value recorded in the income statement. The fair value of assets held in a trading portfolio should be determined on the basis of active market prices or, failing these, on the basis of prices supplied by external operators or, lastly, calculated using the results of internal valuation models that are generally used in financial practice, which are believed to provide reliable estimates of the prices of current market transactions.

Derecognition criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of income components

The profit or loss resulting from disposals or repayments, and the unrealised profit or loss resulting from changes in the fair value of any financial asset held for trading, will be recorded under item 80 of the income statement "Net income from trading activities", together with the result of the valuations of the foreign-currency assets and liabilities.

Interest is recorded on an accrual basis under item 10 "Interest income and similar income", dividends from equities or fund units are recorded under item 70 "Dividends and similar income", as soon as entitlement to them arises.

Available-for-sale financial assets

Classification criteria

The available-for-sale assets include investment fund units, debt securities and equity investments in companies that do not qualify as establishing control or joint control over or association with the said companies. Moreover, this group of assets also includes non-derivative financial assets that cannot be included in the other financial trading asset categories or among the receivables or investments held to maturity, according to the criteria envisaged by a specific framework resolution passed by the BoD.

Recognition criteria

Financial instruments are recorded at their settlement date, except for receivables which are booked at the date of the relevant transaction.

Available-for-sale financial assets are initially recognised at fair value, which normally corresponds to the price paid for them. Costs or revenues directly related to the transaction, if specifically identified at the time, are included in the purchase cost.

Measurement criteria

Subsequent to initial recognition, financial assets held for trading are still carried at their fair value, with the recognition in the income statement of the interest according to the amortised cost approach. Gains and losses deriving from the change in fair value are recorded in a specific net equity reserve, net of the tax effect, unless conditions are met for recording value adjustments as a result of a significant or prolonged decrease in value.

Capital interests in other companies that can be classified as strategic investments, but which do not qualify as establishing control or joint control over or association with the company, and which are not listed in an active market, do not feature prices provided by market operators and for which a reliable fair value cannot be established, through the use of the internal valuation models generally used in financial practice, are maintained at purchase cost.

Derecognition criteria

Financial assets are derecognised when the contractual rights on the cash flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of income components

At the time of the transfer, the after-tax gains or losses previously recorded in the net equity reserve are moved to income statement item 100 b) "Profit (loss) from the transfer or repurchase of b) available-for-sale financial assets".

At the end of every accounting period, audits are carried out to verify the existence of objective evidence of impairment of value of the financial instruments included in this group of assets.

Any long-lasting impairment is assessed in relation to the duration and extent of the impairment itself. Lacking any other negative element (such as any difficulty in the debt service by the issuer, unfavourable changes in the context in which the company operates) the impairment of value is generally deemed to be significant and prolonged in nature:

- in the case of capital instruments and UCI units, if the reduction of fair value below the cost exceeds 50% or lasts for an uninterrupted period longer than 18 months;
- in the case of closed-end UCIs – acquired with contractual commitments (lock-up clauses), or consistently with regulatory provisions that require that they be maintained at least until the expiry of either the relevant contract or the financial instrument – the loss of value is generally deemed to be long-lasting in the cases in which the reduction of fair value below the cost exceeds 80%, or lasts uninterruptedly beyond the expiry of the contractual commitment or of the financial instrument itself, after both are reduced by twelve months for prudential reasons;
- in the case of private-equity funds – for which the investment decision is consistent with maintaining the financial instrument in the bank's portfolio for a medium-to-long-term time horizon, in relation to the expected income-producing potential thereof and the existence of any possible operational and

business synergies – the loss of value is normally deemed to be long-lasting in the cases in which the reduction of fair value below the cost exceeds 80% or persists uninterruptedly beyond half the fund's duration;

- in the case of debt securities in which the reduction of fair value below the cost exceeds 30%, or continues uninterruptedly for a period of 18 months or more.

If an available-for-sale financial asset suffers an impairment loss, the cumulated unrealised loss previously recorded in the net equity is reversed from the net equity and recognised in the income statement under item 130 "Net value adjustments/write-backs for the impairment of: b) available-for-sale financial assets". If the circumstances that led to the recognition of an impairment loss cease to exist, following an event that is subsequent to the recognition of the impairment of value, a write-back is posted to the net equity, in the case of equities, and to the income statement, in the case debt securities and receivables. The write-back may not exceed the cost (amortised as applicable) that the financial instrument would have had in the absence of the previous adjustment.

Financial assets held to maturity

Classification criteria

This group of assets includes non-derivative financial assets with fixed payments, or payments that can be calculated and with fixed due dates, which, in accordance with IAS 39, are destined to remain in the company's equity in the long-term, based on a specific resolution passed by the BoD to this effect. As a result of a change in the Directors' intention or ability, or if it is no longer possible to hold an investment until its maturity, the investment is reclassified among the available-for-sale financial assets, according to the special procedures set out in the above-mentioned IAS 39.

Recognition criteria

Financial assets are recorded at the settlement date.

Financial assets held to maturity are initially recognised at their fair value, which normally corresponds to the price paid for them. Costs or revenues directly related to the transaction, if specifically identified at the time, are included in the purchase cost. If the recognition in this group of assets occurs after the reclassification of the Assets held for trading or of the Available-for-sale assets, permitted in "rare circumstances" (in accordance with IAS 39 and IFRS 7), the fair value of the assets, at the date of reclassification, is taken as the new amortised cost of the assets themselves.

Measurement criteria

Following their initial recognition, the financial assets held to maturity are adapted to their amortised cost based on the effective interest rate method, and adjusted to take into account the effects of any write-down. The resulting value is recorded in the income statement under item 10 "Interest income and similar income".

Derecognition criteria

Financial assets are derecognised when the contractual rights on the cash flows deriving from the assets are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.

Recognition criteria of income components

At the time of their transfer, the gains and losses resulting from the transfer of these assets are recorded in the income statement under item 100 "Profit/loss from the transfer or repurchase of: c) Financial assets held to maturity".

At the end of every accounting period, audits are carried out to verify the existence of objective evidence of impairment of value of the financial instruments included in this group of assets.

If there is evidence of impairment of value, the relevant loss is measured as the difference between the book value of the asset and its present value of the estimated cash flows, discounted at the effective interest rate. The loss is recorded in the income statement under item 130 "Net value adjustments/write-backs for the impairment of c) financial assets held to maturity".

If the circumstances that led to the recognition of an impairment loss cease to exist, following an event that is subsequent to the recognition of the impairment of value, a write-back is posted to the income statement under the same item 130.

Receivables

Classification criteria

This asset group includes receivables due from customers and banks, with fixed and determinable payments, paid directly or acquired from third parties that are not listed on active markets and that have not been originally classified among the financial assets held for trading, available-for-sale financial assets or carried at fair value.

The receivables item also includes operating loans linked to the supply of financial services, repos and unlisted bonds.

Recognition criteria

Financial assets included in this group are initially recorded on the date on which they were provided or, in the case of repos, on the settlement date.

Initial recognition is made on the basis of the fair value of the instrument, which, given the nature and characteristics of the transactions, is equal to the amount provided or the purchase cost. The initial recognised value includes any cost or income related to the transaction, and known at the time, and will be spread over the residual life of the instrument, participating in the formation of the effective interest rate of the transaction (amortised cost method). Internal administrative related costs due from customers are not included.

Valuation criteria of income statement items

After their initial recognition, receivables are stated at their amortised cost, which is equal to the initial recognition value reduced/increased by capital repayments, by any value adjustment/write-back and by the amortisation calculated on the basis of the effective interest rate, any transaction cost or income known or determinable at the time of provision of the credit.

In the case of short-term receivables, given that the effect of the amortisation is considered negligible, the

costs and income directly related to the transactions are posted directly in the income statement.
The amortisation of the transaction costs and income – based on the effective interest rate – is not applied in the case of on-demand receivables and, as a rule, to undated loans. In the case of on-demand loans and, as a rule, undated loans, the relevant value recorded in the financial statements is made equal to the amount paid out, minus any value adjustment.

In accordance with the international accounting standards, all receivables are calculated in compliance with the following criteria:

- significant positions are subject to itemised valuation. A similar procedure is followed for non-performing loans that are individually deemed to be of a non-significant amount;
- classification within the anomalous loan classes specified by the current regulations issued by the Bank of Italy: non-performing loans, impaired loans, restructured and past due loans are considered objective evidence of impairment;
- performing loans that are insignificant on an individual basis, and for which there is no objective evidence of impairment are collectively valued by grouping them together on a like-for-like risk profile basis. Their value adjustment is calculated on the basis of the historical loss experience for each reference group. In determining the historical loss series the positions that are subject to itemised valuation are removed from the loan population;
- value adjustments determined on a line-by-line basis or collectively are recorded in the income statement in item 130 "Net value adjustments/write-backs for the impairment of a) Receivables".

If the circumstances giving rise to the impairment losses cease to exist, the losses are reversed in full or in part. As a result, any write-back, objectively related to an event occurring after the value adjustment was made, is recognised to the income statement until it reaches the amortised cost that the instrument would have had without the previous adjustments.

Impaired exposures are broken down as follows, based on the Bank of Italy's Circular Letter no. 272/2008:

- non-performing loans – this is the area of formally impaired loans, including exposure to insolvent customers, even if they have not yet been legally acknowledged as such, or customers in similar positions;
- impaired loans – this area includes relations with subjects undergoing temporary loan repayment difficulties, which are expected to be solved in a suitable period of time. Loans expired or past due for over 270 days, based on the Bank of Italy's Circular Letter no. 272, are considered objective impaired loans if the expired/past due amount due from the debtor is equal to 10% of the entire exposure (not including default interest).
- restructured exposures – are exposures to counterparties with which debt restructuring arrangements have been entered into also providing for the renegotiation of the relevant terms and conditions;
- past due receivables – are the total exposures to counterparties, other than those classified above, which, at the reference date feature receivables that have expired or are past due for over 90 days.

Derecognition criteria
Financial assets are derecognised when the contractual rights on the cash flows deriving from the assets

are lost, or in the case of a transfer, when it entails the substantial assignment of all the risks and benefits associated with the assets. If it is not possible to determine the transfer of the risks and benefits, the financial assets in the category are derecognised when the control thereof is transferred. Otherwise, the financial assets are maintained on the balance sheet to the extent of the entity's involvement, measured by the exposure of the assets transferred to value changes.
Gains or losses resulting from the derecognition of the same are recorded in the income statement.

Equity investments

Classification criteria

The item "Equity investments" includes equity investments in subsidiaries, associated companies and joint ventures.

Equity interests in other companies in which the Bank does not exercise control or over which it has no significant influence, either directly or through its subsidiaries, but which are acquired as long-term investments and not held for the purpose of trading, are classified as "Available-for-sale financial assets", in accordance with IAS 39.

Recognition criteria

Equity investments are recorded at their settlement date and at purchase - or subscription - cost, including the additional charges.

Measurement criteria

Equity investments in subsidiaries are all measured at fair value, while equity investments in associated companies are recorded at cost.
The method for determining the fair value is in line with current market practice and, on the basis of the provisions of IAS 39, AG 80 and 82, letter e), refers to a series of objective parameters.
The model is based on the discounting of cash flows, as they emerge from the updated long-term plan of the subsidiaries. The figure is used (subject to the updating of parameters) in the preparation of financial statements in order to determine any change in fair value, taking into account any further adjustment needed given specific market situations.
It should be pointed out that until the year 2013 only the equity investment in Investire Immobiliare SGR S.p.A. was measured at fair value; this company, unlike the other subsidiaries, manages real estate funds.

Derecognition criteria

Equity investments are derecognised when they are transferred, with the substantial transfer of all related risks and benefits, or when the contractual rights to cash flows deriving from them expire.

Recognition criteria of income components

– Equity investments in companies measured at cost

If there is evidence that the value of an equity investment may be impaired, the recoverable amount of said equity investment is estimated considering the present value of future cash flows that the investment could generate, including the final disposal value of the investment.

If the recoverable amount is not temporarily lower than the carrying amount, the difference is recorded in the income statement under item 210 “Profit (loss) from equity investments”.
If the reasons for the impairment are removed following an event that occurs after the recognition of the impairment, write-backs are made to the income statement under the same item as above in the measure of the previous adjustment.
– *Equity investments in subsidiaries measured at fair value*
Changes in fair value resulting from the differences between the measurements at the end of the current year and those of the previous years are recorded using the same criteria prescribed for “Available-for-sale financial assets”, in compliance with IAS 39, paragraphs 67 and 70.

Tangible assets

Classification criteria

This item includes the assets for permanent use held to generate income and the property held for investment purposes.

Tangible assets also include advance payments made for the purchase and revamping of assets that are not yet part of the production process and hence not yet subject to depreciation.

Recognition criteria

All classes of property, plant and equipment recognised as assets are initially recorded at cost, insofar as it is representative of their fair value. The cost includes the purchase price, non-recoverable purchase taxes and any cost directly descending from the installation of the asset for its intended use, minus any trade discount.

Financial expenses are recorded according to IAS 23 and, therefore, recognised as a cost in the year in which they were incurred.

Overheads and administrative expenses are not included in the initial cost of the assets in question, unless they are directly descended from the purchase of the asset or its installation.

Valuation criteria of income statement items

Following their initial recognition, instrumental fixed assets and fixed investments are valued at cost minus the accumulated depreciation and taking into account any value impairment and/or revaluation.
This principle has been adopted because it was deemed more appropriate than the revaluation method provided by the reference accounting standard.

Tangible assets are depreciated each year, at rates calculated by reference to the residual possibility of using the assets, their related useful life and realisable value, except for land (incorporated in the asset value) and works of art, insofar as they have an indefinite life. In the case of land whose value is incorporated in the value of the tangible fixed asset, the relevant separation is made only for free-standing buildings. For assets acquired during the year, the amortisation is calculated on a daily basis starting on the date on which the asset was first used.

Tangible fixed assets featuring an unlimited useful life cannot be depreciated.
Subsequent expenses relating to property, plant and equipment, already recorded, are added to the book value of the asset when it is likely that the future economic benefits exceed the previously established ordinary performance of the asset.
At the end of each financial year, an impairment test is conducted on the assets. More specifically, a comparison is made between the book value of the asset (purchase cost less accumulated depreciation) and its recoverable amount, equal to the greater of the fair value, minus any sales cost, and the related value of use of the asset, meaning the present value of the future cash flows expected from the asset. Adjustments are recorded in the income statement under item 170 "Net value adjustments/write-backs on tangible assets". If the reasons that led to the recognition of the loss cease to apply, a write-back is recorded that may not exceed the value that the asset would have had minus the depreciation calculated in the absence of previous losses in value.

Derecognition criteria
The book value of a tangible asset must be derecognised on its disposal, or when no future economic benefit is expected from its use.

Intangible assets
Classification criteria
Intangible assets include long-term application software. The positive difference between the value of the assets and liabilities acquired following a business combination and the related purchase price of the combined business entity is recorded under the intangible assets as goodwill.

Recognition criteria
Intangible assets are recorded at cost. The purchase cost can be adjusted for ancillary charges. The costs incurred for the purchase of intangible assets are recognised only if they are identifiable, their cost can be measured reliably, they can be controlled and they are able to generate future economic benefits. Otherwise, the cost of the intangible asset is recorded in the income statement in the year in which it was incurred.

Valuation criteria of income statement items
Following their initial recognition, intangible assets are recorded at cost, less the accumulated amortisation and any impairment of value. The "at cost" valuation method was deemed more appropriate than the "redetermination of value" method. The cost of intangible assets is amortised, minus the recoverable amount, on the basis of their estimated useful life. For assets acquired during the year, the amortisation is calculated on a daily basis starting on the date on which the asset was first used. In the case of assets transferred and/or disposed of during the year, the amortisation is calculated on a daily basis until the date of transfer and/or disposal.
If the useful life of the fixed asset cannot be established and appears to be indefinite (goodwill), the asset is not amortised, however it is periodically tested for impairment and, in any case, each time objective evidence is found to this effect its initial recognition value may have to be changed. The performance of this test entails the prior allocation of goodwill to a cash-generating unit, whose value can be reliably

estimated. Goodwill impairment is calculated as the difference between its book value and the estimated recoverable amount, determined by reference to the cash-generating unit to which the goodwill in question has been allocated. Any impairment calculated as the difference between the book value of the fixed asset and its recoverable amount is recorded in the income statement under item 230 “Goodwill adjustments”. Goodwill impairment may not be reversed in future accounting periods as required by IAS 36.

Regarding intangible assets other than goodwill, if there is evidence of impairment, an estimate is made each year of the recoverable amount of the assets. The amount of the loss, recorded in the income statement, is equal to the difference between the book value of the asset and its recoverable amount. If the recoverable amount of a specific intangible asset cannot be determined, then the asset must be assigned to the smallest independent cash-flow-generating unit (CGU), and it is by reference to the latter that the recoverable value is estimated and compared with the book value, to establish the possible impairment loss.

Derecognition criteria
Intangible assets are derecognised when they are sold or when no future economic benefits are expected from their use.

Current and deferred tax
Current and deferred income tax, calculated in accordance with the applicable domestic regulations, is recorded in the income statement, except in the case of items directly charged or credited to the net equity. Tax provisions are calculated on a prudential basis and also include the risk provisions set aside in connection with the ongoing disputes.

Since 2004, the Bank and its Italian-based subsidiaries have decided to join the “domestic consolidated tax system”, pursuant to article 117/129 of the TUIR (Consolidated Income Tax Act). The option was renewed in 2013 also for the 2013/2014/2015 period.
By virtue of this option, the Group companies determine their proportion of the taxes payable and the corresponding fiscal income (taxable income or fiscal loss) is transferred to the Parent Company, relating to which a single taxable income or loss is reported (resulting from the arithmetical sum of its own and its participating subsidiaries’ incomes/losses) and, consequently, a single income tax debt/credit determined.

Deferred tax is calculated based on the fiscal effect of the temporary differences between the book value of the assets and liabilities and their fiscal value, resulting in future taxable amounts or tax deductions. For this purpose, “temporary taxable differences” means those that, in the future, will determine taxable amounts, while “temporary deductible differences” those that, in the future, will determine deductible amounts. Advance taxes are recorded in the financial statements insofar as they are likely to be recovered, based on the capability of the Bank, and of the other Group companies belonging to the “domestic consolidated tax system”, to generate taxable income, in the future, on a regular basis.
Deferred taxation is calculated based on the applicable rates, with respect to, (i) the temporary taxable differences, with respect to which there is the likelihood of effectively incurring taxes, and (ii) the temporary deductible differences, with respect to which there is the reasonable certainty of recovering tax money back.

Deferred taxes are calculated taking into account the rates expected when payment falls due.

If the deferred tax assets and liabilities relate to income statement items, the balancing item is represented by income tax.

When advance and deferred taxes concern transactions recorded in the net equity, without affecting the income statement, the directly balancing entry is recorded in the net equity, in the specific reserves where provided (valuation reserves).

Current tax assets/liabilities related to income tax for the year are recognised net of any tax paid in advance and any withholding tax incurred.

Advance tax assets and deferred tax liabilities are recorded in the balance sheet, respectively under "Tax assets" and "Tax liabilities".

Payables and outstanding securities

Classification criteria

Amounts due to banks, customers and outstanding securities include the various forms of interbank funding and funding from customers, in addition to funding through outstanding bonds, minus any repurchases.

Recognition criteria

On initial recognition, these financial liabilities are recorded upon receipt of the amounts collected at their fair value, which is usually equal to the amount received or the issue price plus/minus any additional cost/income directly attributable to the individual funding or issue transaction, and which has not been reimbursed by/to the creditor.

Valuation criteria of income statement items

After initial recognition, the above-mentioned financial liabilities are recorded at cost depreciated according to the effective interest rate method, except for short-term liabilities, which remain recorded at their original value, because the effect of time discounting is negligible.

Derecognition criteria

Financial liabilities are derecognised when they expire or are extinguished. A financial liability is considered expired when the debt is settled through payment of the creditor in cash, or by means of other financial assets, goods or services, or when the borrower is legally released from the primary responsibility for the liability.

Cancellation takes place in the event of the repurchase of bonds previously issued. The difference between the book value of liabilities and the amount paid to purchase them is posted in the income statement. The replacement on the market of own shares after they have been repurchased is considered tantamount to a new issue, with the entry of the new placement price.

Financial liabilities held for trading

Classification criteria

This item includes financial liabilities, regardless of their technical form, classified in the trading portfolio. The negative fair value of the derivative contracts concluded by the Bank to manage hedging risks has also been posted, although they do not meet the efficiency test criteria.

Recognition criteria

These liabilities are initially recorded at fair value, which generally corresponds to the amount collected. The initial recognition of financial liabilities occurs at the subscription date.

Measurement criteria

All trading liabilities are carried at their fair value, which is determined in accordance with the procedures shown in the paragraph on "Financial assets held for trading".

Derecognition criteria

Financial liabilities are removed from the balance sheet when they are extinguished or when the related obligation has been discharged, cancelled or has expired. The resulting difference is recorded in the income statement.

Recognition criteria of income components

Profits and losses arising from changes in the fair value of financial liabilities are recorded under income statement item 80 "Net income from trading activities".

Foreign-currency transactions

Foreign-currency transactions are recorded in euros, at their initial recognition, applying the spot exchange rate in force at the date of the transaction.

When preparing the financial statements, items in foreign currencies are recorded as follows:

- in the case of monetary instruments, at the spot exchange rate on the date of preparation of the financial statements, with exchange differences recorded in the income statement under the item "Net income from trading activities";
- in the case of non-monetary instruments, they are measured at historical cost, at the exchange rate in force at the time of the original transaction;
- in the case of non-monetary instruments carried at fair value, at the spot exchange rate in force at the time of preparation of the financial statements.

Exchange rate differences relating to non-monetary items are recorded applying the accounting standards used for the profits and losses relating to the original instruments.

Other information

1. Treasury shares

Own shares held are stated in the financial statements at cost, adjusting the net equity by a corresponding amount. No profit or loss is recorded in the income statement in connection with the purchase, sale, issue and derecognition of instruments that represent the Bank's capital. The consideration paid or received is recognised directly in net equity.

Any marginal cost incurred for the repurchase of own shares is recorded as a reduction of the net equity, as long as it is directly related to the capital transaction that otherwise would not have been incurred.

2. Own share-based payments

Share-based payment plans for employees are recorded in the income statement under the item "Staff costs", in compliance with IFRS 2 and the interpretation document IFRIC 11. A corresponding amount will increase the net equity, based on the fair value of the financial instruments at the assignment date, spreading the related charges along the entire duration of the plan.

If stock options are provided, the fair value thereof is calculated using a model that takes into account not only information such as price, duration of the option, current price of the shares, volatility, expected dividends and risk-free interest rate, but also the specific characteristics of the plan. The option and probable realisation of terms according to which the options have been assigned are valued separately in the measurement model.

The combination of both values will result in the fair value of the assigned instrument.

Any reduction in the number of assigned financial instruments is accounted for as a derecognition of a portion thereof.

3. Staff severance fund

The staff severance fund is determined as the Bank's present obligation towards its employees, in terms of the related severance indemnity. The amount of this obligation on the date of the financial statements is estimated using actuarial methods and time-discounted using the "projected unit credit method" whereby each period of service is viewed as giving rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. Once the final obligation is obtained, the Bank needs to calculate its present value, even if part of the obligation falls in the twelve-month period after the date of the financial statements. Actuarial profits/losses deriving from defined-benefit plans are stated in Net Equity under Valuation reserves. All other components of the allocation to staff severance obligations accrued during the year are posted on the income statement under item 150. Administrative expenses: a) staff costs in "Staff severance fund", for the amounts paid to the INPS Treasury; "payments to defined contribution supplementary external pension funds" for payments made to Supplementary Retirement Plans and "allocation for staff severance fund" for the adjustment of the fund present in the company.

4. Recognition of revenue and costs

Costs are disclosed in the income statement for the periods in which the related revenue is recorded. Revenues are recognised when received, or if it is likely that future benefits will accrue and such benefits may be reliably measured.

In particular, commission income and other income for services delivered are recorded in the financial statements in the period in which the services were contractually due and provided.

Dividends are recognised in the income statement at the time their distribution is resolved.

Other revenues are recognised in the financial statements in accordance with the accrual principle. In particular:

- interest is recognised on an accrual basis, which considers its effective yield;
- default interest is only recorded when collected;
- regarding the trading of financial instruments, it should be noted that if the consideration received/paid differs significantly from the reliably measured fair value, the difference is recognised in the income statement, in accordance with IAS 39.

5. Manner of determination of the amortised cost

The amortised cost of a financial asset or a financial liability is in general the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The effective interest rate is the rate that equalises the present value of future contractual cash payments or receipts until the expiry or the following recalculation date of the price to the net carrying amount of the financial asset or financial liability. In order to calculate the present value, the effective interest rate is applied to the flow of future receipts or payments estimated during the useful life of the financial asset or liability - or a shorter period in the presence of certain conditions (for example, the review of market rates).

If it is not possible to estimate reliably the cash flows or the expected life, the Bank uses the expected contractual cash flows for all the period of validity of the contract.

Subsequent to initial recognition, the amortised cost allows to allocate revenues and costs deducted from or summed to the instruments during its expected life through amortisation. The method of determination of the amortised cost depends on whether the valued financial assets/liabilities have a fixed or variable rate.
For fixed-rate instruments, future cash flows are quantified based on the interest rate known during the life of the loan. For variable-rate financial assets/liabilities, whose variability is not known a priori (because, for example, linked to an index), cash flows are determined by maintaining constant the last variable rate recorded. At each date of review of the rate, the redemption plan and the effective interest rate are recalculated over the entire useful life of the instrument, i.e. until the date of expiry. The adjustment is recognised as an expense or income in the income statement.
The valuation at amortised cost is carried out for receivables, financial assets held to maturity, payables and outstanding securities; for debt instruments recorded among the available-for-sale financial assets, the amortised cost is calculated for the sole purpose of booking to the income statement the interests based on the effective interest rate; the difference between the fair value and the amortised cost is recorded in a specific net equity reserve.

6. Fair value option

The Bank did not use the "fair value option" referred to in IAS 39: therefore, items pertaining to this in the balance sheet and income statement are not reported in the statements, because they were not measured.

A.3 – Information on transfers between portfolios of financial assets

The Bank has made the following transfers between portfolios, in the presence of “rare circumstances”, as permitted by IAS 39:

- in 2008, transferring debt securities from the “Financial assets held for trading” portfolio to the “Assets held to maturity” portfolio, for a total value of 3,600 thousand euros;

- in 2010, transferring 3 UCI units (related to a real estate fund) from the “Financial assets held for trading” portfolio to the “Available-for-sale financial assets” portfolio.

In 2012 and in July 2014, debt securities were repaid on maturity for a total value of 1,200 thousand euros recorded, in 2008, in the “Financial assets held to maturity” portfolio.

The information requested by IFRS 7 is provided below.

A.3.1 Reclassified financial assets: book value, fair value and effects on comprehensive income

Type of financial instrument	Source portfolio	Target portfolio	Book value at 31.12.2014	Fair value at 31.12.2014	Income components without the transfer (pre-tax)		Income components recorded for the year (pre-tax)	
					Items	Other	Items	Other
Debt securities	HFT	HTM	2,319	2,403	28	18	–	68
UCI units	HFT	AFS	1,614	1,614	(138)	–	(138)	–

A.3.2 Reclassified financial assets: effects on comprehensive income before reclassification

In the financial year under review, the Bank did not reclassify financial assets.

A.3.3. Transfers of financial assets held for trading

For a description of the “rare circumstances” that led to the reclassifications made, please refer to the explanations provided in the 2008 financial statements for debt securities and to the 2010 financial statements for the UCI units.

A.3.4 Effective interest rate and cash flow forecast from the reclassified assets

For information on the cash flow forecast from the reclassified debt securities, please refer to that explained in the 2008 financial statements as this was the year during which they were reclassified.

A.4 Information on fair value

Qualitative information

A.4.1 Levels of fair value 2 and 3: valuation techniques and inputs used

The techniques, valuation processes of the financial instruments and the methods for determining the fair value used by the Bank are shown below.

The fair value of financial instruments is determined based on the prices acquired by the financial markets, in the case of instruments listed on active markets (**Level 1**), or on internal valuation models, in the case of all other financial instruments.
If the instrument is not listed on an active market, or if there is no regularly functioning market, i.e. the market does not feature a sufficient and ongoing number of transactions, bid-ask spread and a volatility that is not sufficiently curbed, the fair value of the financial instruments is generally determined based on the use of valuation methods the purpose of which is to establish the price of a hypothetical independent transaction, motivated by normal market consideration, at the date of valuation.

Regarding the valuation techniques, the following are taken into account:
- if available, the prices of recent transactions involving similar instruments, suitably adjusted to reflect the changed market conditions and the technical differences between the valued instrument and the instrument selected as similar in nature (comparable approach);
- valuation models widely used by the financial community, which have proved over the years capable of producing reliable estimates of prices, with respect to the current market conditions (Mark-to-Model).

Financial instruments classified as **Level 1** instruments include:
- stocks and bonds listed on regulated markets. The principal 'price source' of securities listed on regulated markets is the relevant stock exchange, and generally corresponds to the price published by the regulated market on which the security is negotiated. For financial instruments listed on the Italian Stock Exchange, the value is determined using the posted price;
- collective investments schemes, SICAVs and ETFs if available a NAV (Net Asset Value) calculated on a daily basis;
- foreign exchange spot transactions;
- derivatives for which prices are available on an active market (e.g., futures and options).

Lacking prices on an active market, the fair value of financial instruments is calculated according to the so-called "comparable approach" (**Level 2**), based on the use of valuation models making use of parameters that can be directly observed on the market. In this case, the valuation is not based on the prices of the actual financial instruments being valued, but on prices or credit spreads taken from the official listings of substantially similar instruments, in terms of risk-yield factors, using a certain calculation method (pricing model). This approach translates into the search for transactions on the active markets involving instruments that, in terms of their risk factors, are comparable with the valued instrument.

Following is an overview of the valuation techniques used:

- the use of current market prices of other substantially similar instruments, if they are deemed to be highly comparable (based on the country and sector to which they belong, along with their rating, maturity and degree of seniority of the securities), such as to avoid any substantial alteration of the prices or the use of trading prices – with respect to the same financial instrument – concerning market transactions between independent counterparties;
- the use of prices of similar instruments, in terms of their calibration;
- discounted cash flow models;
- option pricing models.

Financial instruments classified as **Level 2** instruments include:

- UCI funds, with published NAV, and relating to which the NAV is reasonably representative of the value;
- bonds that are not traded on an active market, but which can be priced based on the prices of comparable securities, as inputs for a valuation model. The fair value of bonds without official prices expressed by an active market is calculated by using an appropriate credit spread, determined based on liquid financial instruments with similar features. Moreover, in the case of market transactions – concerning the same financial instrument – between independent counterparties account will be taken of the known trading price;
- OTC derivatives valued based on observable parameters and market models. Interest rate, exchange, share, inflation and commodity derivatives – if they are not traded on regulated markets – are known as Over The Counter (OTC) instruments, i.e. instruments that are bilaterally negotiated with market counterparties, and their valuation is conducted based on specific pricing models, fed by inputs (such as rate, exchange and volatility curves) observed on the market.

Lastly, the determination of the fair value of certain types of financial instruments is based on valuation models that require the use of parameters that cannot be directly observed on the market and which, therefore, require estimates and assumptions by the valuer (**Level 3**).

Financial instruments classified as **Level 3** instruments include:

- unlisted securities. Equity investments held at cost are also conventionally included among the Level 3 instruments;
- funds featuring either an unpublished NAV or a published NAV which, however, is not sufficiently representative of the potential realisation value;
- bonds not listed on active markets, for which there are no comparable instruments, or which require the use of significant assumptions, such as the knowledge of trading prices between independent counterparties;
- OTC derivatives valued using non-market models, or market models based on parameters that cannot be observed on the market.

Level 3 instruments also include financial instruments priced by the Bank based on internal valuation models using inputs that cannot be observed on the market and personal assumptions made by the valuer.

A.4.2 Processes and sensitivity of measurements

In accordance with IFRS 13, the Bank carried out a sensitivity analysis in order to determine the potential impact on the measurement of the instruments classified in Level 3 of the fair value hierarchy due to any potential change in the corresponding non-observable market parameters. This analysis did not reveal any significant impact on the financial statements.

A.4.3 Fair value hierarchy

With the introduction of IFRS 13, the rules for measuring the fair value previously included in different accounting principles were set out in a single document.
The fair value is defined as the price that is received for the sale of an asset or that would be paid for the transfer of a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of a financial instrument, IFRS 13 refers to the concept of hierarchy of the measurement criteria used, which was at the time introduced by an amendment to IFRS 7 that required the company to classify the measurements based on a hierarchy of levels that reflects the significance of the inputs used in the measurement of financial instruments.

This classification aims to establish a hierarchy in terms of reliability of fair value depending on the degree of discretion applied by enterprises, giving priority to the use of parameters observable on the market reflecting the assumptions that market participants would use when pricing the asset/liability.

IFRS 13 identifies three different input levels:

- Level 1: inputs represented by quoted prices (without adjustment) in active markets - as defined by IFRS 13 - for assets and liabilities subject to measurement;
- Level 2: inputs other than quoted market prices set forth above, which are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: inputs that are unobservable inputs for the asset or liability subject to measurement.

The choice between these types is not optional but must be done in a hierarchical order since priority is given to official prices on active markets (level 1); in the absence of such inputs, we use valuation techniques based on parameters that cannot be observed on the market (level 2); with a lower and more discretionary priority, the fair value of assets and liabilities calculated with valuation techniques based on parameters that cannot be observed on the market (level 3).

The valuation method and as a result transfers among the levels of the fair value hierarchy of a financial instrument are altered only if there are significant changes in the market or subjective conditions of the issuer of the financial instrument.

IFRS 13 contemplates that, as already indicated by IFRS 7, the instruments measured at amortised cost are provided with fair value disclosure.

Within the Bank, the following approaches were identified for calculating the fair value:

Financial assets held to maturity

They are entered at amortised cost and are represented by bonds quoted on an active market.

The classification criteria in the levels and the method for calculating the fair value of these bonds reflect those of bonds measured at fair value on a recurring basis.

Due from customers and banks

Due from customers and banks with defined contractual expiry:

- Due from Customers are classified in level 3 and the fair value is measured by means of a Discounted Cash Flow model whose discount rate includes the following risk components:
  - cost of funding: equal to the swap rate with the same maturity of the instalment loan with an addition of 100 bps;
  - cost of the credit risk: equal to the average rate of probability of default applied by the bank to the customers determined on the basis of the decline rates present in the Bank of Italy's Public Database.

  Due from banks are classified in level 3 and the fair value is represented by the value entered in the financial statements of the receivable.
- Due from customers and banks with undefined contractual expiry:
  - The fair value of due from customers and banks with undefined contractual expiry, in that they are on demand, is represented by the nominal value of the receivables net of the risk component represented by the calculated probability of default, in accordance with what was previously defined, on the basis of the decline rates present in the Bank of Italy's Public Database.

Due to banks and customers

They are entered at their nominal value that is usually equal to the amount received initially by the Bank. This value can be reasonably approximated to the fair value in that the Bank can meet its payables thanks to high capital instruments.

Outstanding securities

The item includes bonds issued and entered at amortised cost. The fair value is calculated by using a model that considers the loan indexation parameter and a target spread.

A.4.4 Other information

The Bank does not use the exception on the compensating valuation of groups of financial assets and liabilities referred to in paragraph 48 of the IFRS 13.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities carried at fair value on a recurring basis: breakdown by level of fair value

Assets/liabilities carried at fair value	2014			2013		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	103,050	2,659	537	121,211	4,449	529
2. Financial assets carried at fair value	–	–	–			
3. Available-for-sale financial assets	749,872	28,376	9,848	516,114	29,536	12,452
4. Hedging derivatives	–	–	–			
5. Tangible assets						
6. Intangible assets						
Total	**852,922**	**31,035**	**10,385**	**637,325**	**33,985**	**12,981**
1. Financial liabilities held for trading	3	2,356	–		381	
2. Financial liabilities carried at fair value	–	–	–			
3. Hedging derivatives	–	–	–			
Total	**3**	**2,356**	**–**	**–**	**381**	**–**

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

In the current year, there were no transfers of assets and liabilities between Level 1 and Level 2.

A.4.5.2 Annual changes of assets carried at fair value on a recurring basis (level 3)

	Financial assets held for trading	Financial assets carried at fair value	Available-for-sale financial assets	Hedging derivatives	Tangible assets	Intangible assets
1. Opening balance	**529**	**–**	**12,452**	**–**	**–**	**–**
2. Increases	**15**	**–**	**22**	**–**	**–**	**–**
2.1. Purchases	–		22			
2.2. Profits recorded in:	**15**	**–**		**–**	**–**	**–**
2.2.1. Income Statement	15		–			
- of which capital gains	15		–			
2.2.2. Net equity	**X**	**X**				
2.3. Transfers from other levels						
2.4. Other increases						
3. Decreases	**7**	**–**	**2,626**	**–**	**–**	**–**
3.1. Sales	7					
3.2. Repayments						
3.3. Losses recorded in:	**–**	**–**	**508**	**–**		
3.3.1. Income Statement	–		508			
- of which capital losses	–					
3.3.2. Net equity	**X**	**X**				
3.4. Transfers to other levels	–		2,118			
3.5. Other decreases						
4. Closing balance	**537**	**–**	**9,848**	**–**	**–**	**–**

Item 3.4, transfers to other levels pertains to the interest in Am Holding now Anima Holding S.p.A. as a result of listing on the Stock Market.

A.4.5.3 Annual changes of financial liabilities carried at fair value (level 3)

The table was not prepared because, at the reporting date under review, the item in question has no balances.

A.4.5.4 Assets and liabilities not carried at fair value or carried at fair value on a non-recurring basis: breakdown by level of fair value

Assets/Liabilities not carried at fair value or carried at fair value on a non-recurring basis	31.12.2014				31.12.2013			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets held to maturity	2,319	2,403			2,670	2,776		
2. Due from banks	74,539			74,539	95,853			95,853
3. Due from customers	284,098			286,483	295,502			293,497
4. Tangible assets held for investment								
5. Non-current assets and groups of assets being disposed								
Total	**360,956**	**2,403**	**–**	**361,022**	**394,025**	**2,776**	**–**	**389,350**
1. Due to banks	97,194			97,194	95,482			95,482
2. Due to customers	945,734			945,734	797,715			797,715
3. Outstanding securities	48,658			48,504	41,685			41,564
4. Liabilities associated to assets being disposed								
Total	**1,091,586**	**–**	**–**	**1,091,432**	**934,882**	**–**	**–**	**934,761**

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The Bank has never carried out fair value measurements on a non-recurring basis for assets and liabilities.

A.5 Report on the so-called "day one profit/loss"

The Bank did not record in the financial year under review any positive/negative item arising from the initial fair value measurement of financial instruments.

Part B – Information on the balance sheet

The data at 31 December 2013 were restated to assure comparability with those referred to 31 December 2014.

ASSETS

Section 1 – Cash and cash equivalents – Item 10

1.1 Cash and cash equivalents: breakdown

	Total 31.12.2014	Total 31.12.2013
a) Cash	289	365
b) Demand deposits at central banks	372	373
Total	**661**	**738**

Section 2 – Financial assets held for trading – Item 20

2.1 Financial assets held for trading: breakdown by product

Items/Amounts	Total 31.12.2014			Total 31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	97,787	1,827	–	116,389	2,567	–
1.1 Structured securities	–	–	–	–	–	–
1.2 Other debt securities	97,787	1,827	–	116,389	2,567	–
2. Equity securities	1,594	–	–	1,259	–	7
3. UCI units	3,645	–	537	3,543	1,882	522
4. Loans	–	–	–	–	–	–
4.1 Outstanding repos	–	–	–	–	–	–
4.2 Other	–	–	–	–	–	–
Total A	**103,026**	**1,827**	**537**	**121,191**	**4,449**	**529**
B. Derivatives						
1. Financial derivatives:	24	832	–	20	–	–
1.1 held for trading	24	832	–	20	–	–
1.2 related to the fair value option	–	–	–	–	–	–
1.3 other	–	–	–	–	–	–
2. Credit derivatives	–	–	–	–	–	–
2.1 held for trading	–	–	–	–	–	–
2.2 related to the fair value option	–	–	–	–	–	–
2.3 Other	–	–	–	–	–	–
Total B	**24**	**832**	**–**	**20**	**–**	**–**
Total (A+B)	**103,050**	**2,659**	**537**	**121,211**	**4,449**	**529**

Item A.1. "Debt securities" amounting to 99,614 thousand euros (118,956 thousand euros at 31 December 2013) consists of the following financial instruments:

- Level 1: Government bonds of 89,106 thousand euros and bonds of 8,681 thousand euros;
- Level 2: bonds of 1,827 thousand euros including "FIP Funding Class A2" of 1,708 thousand euros.

Item A.3. "UCI units" amounting to 4,182 thousand euros (5,947 thousand euros at 31 December 2013) includes in Level 1 Anthilia Capital Partners fund units for a total amount of 3,169 thousand euros.

Item B.1.1 Financial derivatives held for trading Level 2 pertains almost exclusively to the positive valuation of currency forwards.

2.2 Financial assets held for trading: breakdown by debtor/issuer

Items/Amounts	Total 31.12.2014	Total 31.12.2013
A. CASH ASSETS		
1. Debt securities	**99,614**	**118,956**
a) Governments and Central Banks	89,106	115,119
b) Other public authorities	–	–
c) Banks	8,708	993
d) Other issuers	1,800	2,844
2. Equity securities	**1,594**	**1,266**
a) Banks	–	
b) Other issuers:	1,594	1,266
- insurance companies	552	–
- financial companies	–	–
- non-financial companies	1,021	724
- other	21	542
3. UCI units	**4,182**	**5,947**
4. Loans	**–**	**–**
a) Governments and Central Banks	–	–
b) Other public authorities	–	–
c) Banks	–	–
d) Other entities	–	–
Total A	**105,390**	**126,169**
B. DERIVATIVES		
a) Banks	68	–
- fair value		
b) Customers	788	20
- fair value		
Total B	**856**	**20**
Total (A + B)	**106,246**	**126,189**

The item "UCI units" includes: 392 thousand euros of bond funds, 3,740 thousand euros of equity funds and 50 thousand euros of other funds.

2.3 Cash financial assets held for trading: annual changes

	Debt securities	Equity securities	UCI units	Loans	Total 31.12.2014
A. Opening balance	**118,956**	**1,266**	**5,947**	**–**	**126,169**
B. Increases	**1,183,794**	**17,598**	**2,079**	**–**	**1,203,471**
B1. Purchases	1,181,765	17,525	1,949	–	1,201,239
B2. Positive changes in fair value	195	31	122	–	348
B3. Other changes	1,834	42	8	–	1,884
C. Decreases	**1,203,136**	**17,270**	**3,844**	**–**	**1,224,250**
C1. Sales	1,196,745	16,949	3,824	–	1,217,518
C2. Repayments	5,233	-	-	–	5,233
C3. Negative changes in fair value	152	142	5	–	299
C4. Transfer to other portfolios	-	-	-	–	–
C5. Other changes	1,006	179	15	–	1,200
D. Closing balance	**99,614**	**1,594**	**4,182**	**–**	**105,390**

Item B3. “Other changes” includes profits from trading activities and interest accrued.

Item C5. “Other changes” includes losses from trading activities.

Section 4 – Available-for-sale financial assets – Item 40

4.1 Available-for-sale financial assets: breakdown by product

Items/Amounts	Total 31.12.2014			Total 31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	709,249	–	–	488,967	–	–
1.1 Structured securities	–	–	–	–	–	–
1.2 Other debt securities	709,249	–	–	488,967	–	–
2. Equity securities	37,987	–	9,848	24,577	–	12,452
2.1 Carried at fair value	37,987	–	–	24,577	–	–
2.2 Carried at cost	–	–	9,848	–	–	12,452
3. UCI units	2,636	28,376	–	2,570	29,536	–
4. Loans	–	–	–	–	–	–
Total	**749,872**	**28,376**	**9,848**	**516,114**	**29,536**	**12,452**

Item 1. Debt securities - Level 1 - consists almost exclusively of Government Bonds totalling a nominal value of 700 million euros, of which 660 million euros with maturity within 2015 and 40 million euros with maturity within 2016.

The equity securities correspond to the strategic investments and include the following:

- Level 1: London Stock Exchange Group plc, Anima holding S.p.A. and Net Insurance S.p.A.;
- Level 3: Fideuram Investimenti SGR S.p.A., SIA S.p.A., Beni Stabili Gestioni SGR S.p.A., Calipso S.p.A. and CSE Consorzio Servizi Bancari S.r.l.

Item 3 UCI units - Level 2 - includes 221 units of Fondo Immobili Pubblici (FIP) for a total of 24,662 thousand euros, 5 units of the Apple Fund for a total of 2,690 thousand euros and units of the Thema Fund for 899 thousand euros.

In the case of property UCIs, for which no quoted prices are available, directly or indirectly observable in active markets, fair value is measured on the basis of periodic NAV made available by the management company, believed to represent the fair value at which transfer operations between independent operators are assumed to be completed.

4.2 Available-for-sale financial assets: breakdown by debtor/issuer

Items/Amounts	Total 31.12.2014	Total 31.12.2013
1. Debt securities	**709,249**	**488,967**
a) Governments and Central Banks	703,408	487,797
b) Other public authorities	–	–
c) Banks	5,841	1,170
d) Other issuers	–	–
2. Equity securities	**47,835**	**37,029**
a) Banks	–	–
b) Other issuers:	47,835	37,029
- insurance companies	1,502	1,502
- financial companies	42,072	29,169
- non-financial companies	4,261	6,358
- other	–	–
3. UCI units	**31,012**	**32,106**
4. Loans	**–**	**–**
a) Governments and Central Banks	–	–
b) Other public authorities	–	–
c) Banks	–	–
d) Other entities	–	–
Total	**788,096**	**558,102**

Item "UCI units" includes real estate funds of 27,352 thousand euros and other funds of 3,660 thousand euros.

4.4 Available-for-sale financial assets: annual changes

	Debt securities	Equity securities	UCI units	Loans	Total
A. Opening balance	**488,967**	**37,029**	**32,106**	**–**	**558,102**
B. Increases	**762,894**	**18,325**	**1,651**	**–**	**782,870**
B1. Purchases	760,770	2,658	779	–	764,207
B2. Positive changes in fair value	479	12,541	65	–	13,085
B3. Write–backs	–	–	–	–	–
– Recorded in the income statement	–	X	–	–	–
– Recorded in the net equity	–	–	–	–	–
B4. Transfers from other portfolios	–	–	–	–	–
B5. Other changes	1,645	3,126	807	–	5,578
C. Decreases	**542,612**	**7,519**	**2,745**	**–**	**552,876**
C1. Sales	329,055	4,118	1,139	–	334,312
C2. Repayments	211,239	–	160	–	211,399
C3. Negative changes in fair value	1,510	–	334	–	1,844
C4. Write–downs from impairment	–	509	1,093	–	1,602
– Recorded in the income statement	–	509	1,093	–	1,602
– Recorded in the net equity	–	–	–	–	–
C5. Transfer to other portfolios	–	–	–	–	–
C6. Other changes	808	2,892	19	–	3,719
D. Closing balance	**709,249**	**47,835**	**31,012**	**–**	**788,096**

Item B1. Purchases refers:

- for debt securities, mainly to Government Bonds;
- for equity securities, almost exclusively to the subscription - at the time of the capital increase - of 160,000 new Lseg shares for 2,636 thousand euros;
- for UCI units, mainly to 7 units of the FIP fund.

Item B5. Other changes refers:

- for debt securities, to the profit realised on sales, in the amount of 1,645 thousand euros;
- for equity securities, to gains realised on sales of 120,000 London Stock Exchange Group plc. shares with a value of 2,405 thousand euros and 134,545 subscription rights on London Stock Exchange Group plc shares for 721 thousand euros.
- for UCI units, to the reversal of the negative reserve as at 31 December 2013 pertaining to the FIP fund as a result of impairment;

Item C1. Sales refers:

- for debt securities, mainly to Government Bonds;
- for equity securities: to 120,000 London Stock Exchange Group plc. shares with a value of 3,160 thousand euros and to the sale of subscription rights on London Stock Exchange Group plc shares for 958 thousand euros.

Item C.2 Redemptions represents the amount of redemptions at maturity of Government Bonds.

Item C.4 Write-downs from impairment - recorded in the income statement, refers to the impairment recognised on 221 units of the FIP fund (UCI units) and for equity securities to the write-down on Beni Stabili Gestioni SGR S.p.A. shares for alignment to the swap value of the merger, with effect from 1 January 2015, in Investire Immobiliare SGR S.p.A.

Item C.6 Other changes concerns reallocation to income statement of the valuation reserve for sold or repaid securities and the interest accrued.

The comment to the items "B2. Positive changes in FV" and "C.3 Negative changes in FV" is illustrated in Part D - Comprehensive income.

Section 5 – Financial assets held to maturity – Item 50

5.1 Financial assets held to maturity: breakdown by product

	Total 31.12.2014				Total 31.12.2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	2,319	2,403	–	–	2,670	2,776	–	–
– structured	–	–	–	–	–	–	–	–
– other	2,319	2,403	–	–	2,670	2,776	–	–
2. Loans	–	–	–	–	–	–	–	–
Total	**2,319**	**2,403**	**–**	**–**	**2,670**	**2,776**	**–**	**–**

Key
FV= Fair Value
BV= Book Value

The item includes some bonds transferred in 2008, as already mentioned in Section A.3 Information on transfers of financial assets between portfolios.

5.2 Financial assets held to maturity: debtors/issuers

Type of transaction/Amount	Total 31.12.2014	Total 31.12.2013
1. Debt securities	**2,319**	**2,670**
a) Governments and Central Banks	–	
b) Other public authorities	–	
c) Banks	2,319	2,670
d) Other issuers	–	
2. Loans	**–**	**–**
a) Governments and Central Banks	–	
b) Other public authorities	–	
c) Banks	–	
d) Other entities	–	
Total	**2,319**	**2,670**
Total fair value	**2,403**	**2,776**

5.4 Assets held to maturity: annual changes

	Debt securities	Loans	Total
A. Opening balance	**2,670**	**–**	**2,670**
B. Increases	**44**	**–**	**44**
B1. Purchases	–	–	–
B2. Write-backs	–	–	–
B3. Transfers from other portfolios	–	–	–
B4. Other changes	44	–	44
C. Decreases	**395**	**–**	**395**
C1. Sales	–	–	–
C2. Repayments	395	–	395
C3. Value adjustments	–	–	–
C4. Transfer to other portfolios	–	–	–
C5. Other changes	–	–	–
D. Closing balance	**2,319**	**–**	**2,319**

Item B4. includes interest accrued.

Section 6 – Due from banks – Item 60

6.1 Due from banks: breakdown by product

Type of transaction/Amount	Total 31.12.2014				Total 31.12.2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level L3		Level 1	Level 2	Level 3
A. Due from central banks	**–**			**–**	**–**			**–**
1. Fixed-term deposits	–	X	X	X		X	X	X
2. Obligatory reserve	–	X	X	X		X	X	X
3. Repos	–	X	X	X		X	X	X
4. Other	–	X	X	X		X	X	X
B. Due from banks	**74,539**			**74,539**	**95,853**			**95,853**
1. Loans								
1.1 Current accounts and demand deposits	66,127	X	X	X	66,798	X	X	X
1.2 Fixed-term deposits	8,412	X	X	X	8,626	X	X	X
1.3 Other loans:	–	X	X	X	20,429	X	X	X
Outstanding repos	–	X	X	X	20,429	X	X	X
Finance lease	–	X	X	X		X	X	X
Other	–	X	X	X		X	X	X
2. Debt securities	–							
2.1 Structured securities	–	X	X	X		X	X	X
2.2 Other debt securities	–	X	X	X		X	X	X
Total	**74,539**			**74,539**	**95,853**			**95,853**

Key: FV = fair value BV = book value

Item B.1.2. Fixed-term deposits includes the obligatory reserve deposited at the ICBPI (Istituto Centrale Banche Popolari Italiane) of 3,404 thousand euros (3,625 thousand euros at 31 December 2013) and a deposit with maturity in February 2015 of 5,008 thousand euros.

Section 7 – Due from customers – Item 70

7.1 Due from customers: breakdown by product

Type of transaction/Amount	Total 31.12.2014					
	Book value			Fair value		
	Performing	Impaired		L1	L2	L3
		Purchased	Other			
Loans						
1. Current accounts	98,753		224	X	X	X
2. Outstanding repos	2,006		–	X	X	X
3. Mortgages	146,689		2,854	X	X	X
4. Credit cards, personal loans and loans on salary	–		–	X	X	X
5. Finance lease	–		–	X	X	X
6. Factoring	–		–	X	X	X
7. Other loans	29,059		4,513	X	X	X
Debt securities	**–**	**–**	**–**			
8. Structured securities	–		–	X	X	X
9. Other debt securities	–		–	X	X	X
Total	**276,507**	**–**	**7,591**			**286,483**

The item "Due from customers", which does not include debt securities, totals 284,098 thousand euros, at 31 December 2014, of which 276,507 thousand euros performing (at 31 December 2013, 295,502 thousand euros, of which 284,635 thousand euros performing).

Item 7. Other loans includes - starting from the current year - Deposits for margins with the Cassa di Compensazione e Garanzia amounting to 14,243 thousand euros. To ensure the comparability of the data, the amount of 2013, i.e. 17,589 thousand euros, was reclassified from item 150. Other assets.

At the reporting date of these Financial Statements, the items relating to current accounts, mortgages and other loans include impaired assets totalling 10,945 thousand euros before the write-downs and 7,591 thousand euros after the write-downs, comprising:

- non-performing loans totalling 7,123 thousand euros before the write-downs (4,482 thousand euros after the write-downs) relating to the following positions:
  - 4,568 thousand euros (3,201 thousand euros after the write-downs) originated by the issue of mortgage for which, on 8 July 2011, the Bank invoked the termination clause contained in the agreement and required the repayment of the related amount. The transaction is secured by a first mortgage on property, the value of which – supported by an expert appraisal report revised on 1 December 2014 – covers the entire value of the net exposure. The Group to which the borrowing company belongs had submitted to the lender banks a restructuring plan pursuant to Article 67 of the Italian bankruptcy law, which was not successful because a limited number of banks failed to accept it, although most creditors had in fact consented. As a result, on 19 September 2014 the company, previously placed in liquidation, filed a petition for admission to composition with creditors with the Court of Rome. The recoverable amount of the credit is based on the assessed value of the

Total 31.12.2013					
Book value			Fair value		
Performing	Impaired		L1	L2	L3
	Purchased	Other			
70,549		167	X	X	X
5,022		–	X	X	X
154,052		5,096	X	X	X
–		–	X	X	X
–		–	X	X	X
–		–	X	X	X
55,012		5,604	X	X	X
–	**–**	**–**			
–		–	X	X	X
–		–	X	X	X
284,635	**–**	**10,867**			**293,497**

guarantees, which takes into account the time for the collection of credit, in relation to the privileged position of the Bank concerning the real estate collaterals securing the exposure;

- 2,555 thousand euros referring to trade receivables of 803 thousand euros and to cash loans of 1,752 thousand euros.

The line-by-line write-downs made totalled 2,641 thousand euros including 1,574 thousand euros carried out in previous financial years and 1,067 thousand euros in the financial period under review;

- impaired loans totalling 3,652 thousand euros, including the write-downs (2,940 thousand euros without write-downs), comprising:
  - subjective impaired loans of 3,604 thousand euros, consisting of overdraft facilities of 51 thousand euros, mortgage positions of 3,121 thousand euros (642 thousand euros of overdue instalments and 2,479 thousand euros of principal about to fall due) and trade receivables of 432 thousand euros.
  - objective impaired loans amounting to 48 thousand euros.

  The line-by-line write-downs of impaired loans totalled 712 thousand euros including 449 thousand euros carried out in previous financial years (429 thousand euros referred to the Bank and 20 thousand euros referred to the absorbed entity Finnat Investments S.p.A.) and 263 thousand euros (net of write-backs for 27 thousand euros) in the period under review;
- other positions expired or past due for over 90 days totalling 170 thousand euros before the write-downs (169 thousand euros after).

As usual, at 31 December 2014, calculated the collective write-down of cash loans, based on the mean value of the historical series of the default rates of cash loans received from the Risk Centre. Since said write-down was lower than the provisions allocated for this reason through 31 December 2013, it led to a write-back of 20 thousand euros.

In 2014, the Bank recorded 1,314 thousand euros (including 2 thousand euros of derecognition of loans) in the income statement item 130 "Net value adjustments/write-backs for the impairment of a) Receivables".

The overall value adjustments at the end of the period under review totalled 5,216 thousand euros, of which:

- 3,354 thousand euros, on an itemised basis;
- 1,862 thousand euros, for collective write-downs.

7.2 Due from customers: breakdown by debtor/issuer

Type of transaction/Amount	Total 31.12.2014			Total 31.12.2013		
	Performing	Impaired		Performing	Impaired	
		Purchased	Other		Purchased	Other
1. Debt securities:	**–**	**–**	**–**	**–**	**–**	**–**
a) Governments	–	–	–	–		–
b) Other public authorities	–	–	–	–		–
c) Other issuers	–	–	–	–	–	–
- non-financial companies	–	–	–	–		–
- financial companies	–	–	–	–		–
- insurance companies	–	–	–	–		–
- other	–	–	–	–		–
2. Loans to:	**276,507**	**–**	**7,591**	**284,635**	**–**	**10,867**
a) Governments	–	–	–	–		–
b) Other public authorities	–	–	–	–		–
c) Other entities	276,507	–	7,591	284,635	–	10,867
- non-financial companies	166,372	–	5,197	181,825		6,382
- financial companies	25,942	–	3	15,383		2
- insurance companies	–	–	–			–
- other	84,193	–	2,391	87,427		4,483
Total	**276,507**	**–**	**7,591**	**284,635**	**–**	**10,867**

A breakdown of "Time distribution of amounts due from customers by residual duration" can be found under Part E Section 3 - Liquidity risk.

Section 10 – Equity investments – Item 100

10.1 Equity investments information on investment relationships

Company name	Registered office	Principal place of business	% share	Voting rights %
A. Wholly-controlled companies				
1. Finnat Fiduciaria S.p.A.	Rome	Rome	100.00	
2. Fedra Fiduciaria S.p.A.	Rome	Rome	100.00	
3. Investire Immobiliare S.G.R. S.p.A.	Rome	Rome	80.00	
4. Finnat Gestioni S.A.	Lugano	Lugano	70.00	
B. Jointly controlled companies				
C. Companies under significant influence (*)				
1. Prévira Invest Sim S.p.A.	Rome	Rome	20.00	
2. Sigefi Italia Private Equity S.p.A.	Milan	Milan	25.00	
3. Imprebanca S.p.A.	Rome	Rome	20.00	
4. Beni Stabili Property Service S.p.A.	Rome	Rome	36.00	

(*) Associated companies

The share ownership also represents the percentage of voting rights at the shareholders' meetings.

10.2 Significant equity investments: book value, fair value and dividends received

10.3 Significant equity investments: accounting information

10.4 Non significant equity investments: accounting information

As indicated in the 3rd revision to Circular no. 262 of 22 December 2005, the information about the above items are not provided, inasmuch as the Bank prepares the consolidated financial statements.

10.5 Equity investments: annual changes

	Total 31.12.2014	Total 31.12.2013
A. Opening balance	**69,256**	**62,704**
B. Increases	**4,211**	**7,305**
B.1 Purchases	–	
B.2 Write-backs	–	–
B.3 Revaluations	4,195	7,304
B.4 Other changes	16	1
C. Decreases	**–**	**753**
C.1 Sales	–	–
C.2 Value adjustments	–	–
C.3 Other changes	–	753
D. Closing balance	**73,467**	**69,256**
E. Total revaluations	**47,678**	**43,483**
F. Total adjustments	**204**	**204**

The item "Equity investments" referred to 31 December 2013 was restated as illustrated in paragraph A.2 – Information on the main financial statement items of these Notes to the Financial Statements.

The item B.3 Revaluations consists of the following: the fair value adjustments of Investire Immobiliare SGR S.p.A. for 3,667 thousand euros (5,680 thousand euros in 2013) and of the other Subsidiaries (Finnat Fiduciaria S.p.A., Finnat Gestioni S.A. and Fedra Fiduciaria) for a total of 528 thousand euros (1,624 thousand euros in 2013).

Said investments were measured on the basis of the four-year business plan prepared by the subsidiaries applying the methods used in professional practice (property method, mixed property/income method, income method).

Item B.4 Other changes includes, in compliance with IFRS 2, the effects of the measurement of the rights connected to the stock option plan assigned by the Bank to the Executives and Directors of the subsidiaries Finnat Fiduciaria S.p.A. and Investire Immobiliare SGR S.p.A. For further details, refer to "Part I - Payment agreements based on own capital instruments" of the Notes to the Financial Statements.

Item C3. Other changes refers to the cancellation of the Finnat Investments S.p.A. and Finnat Real Estate S.r.l. equity investments as a result of the merger that is thoroughly described in the dedicated paragraph in Part A Section 4 - Other information.

Item E - Total revaluations shows the total fair value adjustment amounting to 47,678 thousand euros, of which 45,526 thousand euro referred to Investire Immobiliare.

Changes in the item Equity investments are shown in detail in the Statement of annual changes in equity investments attached to the financial statements.

Section 11 – Tangible assets – Item 110

11.1 Tangible assets for functional use: breakdown of the assets carried at cost

Assets/amounts	Total 31.12.2014	Total 31.12.2013
1. Owned assets	**5,310**	**5,541**
a) land	1,308	1,308
b) buildings	2,882	3,052
c) furniture	723	777
d) electronic equipment	394	391
e) other	3	13
2. Assets acquired under finance lease		**–**
a) land		–
b) buildings		–
c) furniture		–
d) electronic equipment		–
e) other		–
Total	**5,310**	**5,541**

The Bank owns two flats used as offices situated in Rome - Via Parigi no. 11. In 1974, the property was revalued by 8 thousand euros and further revaluations were made for a total of 1,216 thousand euros in accordance with Italian laws no. 576 of 2 December 1975, no. 72 of 19 March 1983, and no. 413 of 30 December 1991.

Moreover, as a result of the absorption of Finnat Real Estate S.r.l., the Bank recorded, with continuity of values, the tangible assets including the free-standing building located in Rome, Corso Trieste, 118. The value of said building was recognised under the item "buildings" for 196 thousand euros (before depreciation) and under "land" for 1,308 thousand euros.

11.5 Tangible assets for functional use: annual changes

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	**1,308**	**5,930**	**2,137**	**4,000**	**126**	**13,501**
A.1 Net total impairment	–	2,878	1,360	3,609	113	7,960
A.2 Net opening balance	1,308	3,052	777	391	13	5,541
B. Increases:	**–**	**–**	**3**	**161**	**85**	**249**
B.1 Purchases			3	161	–	164
B.2 Capitalised improvement expenses						–
B.3 Write-backs						–
B.4 Positive changes in fair value allocated to	–	–	–	–	–	–
a) net equity						–
b) income statement						–
B.5 Positive exchange differences	–	–	–	–	–	–
B.6 Transfers from properties held for investment	–	–	–	–	–	–
B.7 Other changes	–	–	–	–	85	85
C. Decreases:	**–**	**170**	**57**	**158**	**95**	**480**
C.1 Sales		–	–	–	85	85
C.2 Depreciation		170	57	158	10	395
C.3 Value adjustments for impairment allocated to	–	–	–	–	–	–
a) net equity						
b) income statement						–
C.4 Negative changes in fair value allocated to	–	–	–	–	–	–
a) net equity						–
b) income statement						–
C.5 Negative exchange differences	–	–	–	–	–	–
C.6 Transfers to:	–	–	–	–	–	–
a) tangible assets held for investment						–
b) assets being disposed						–
C.7 Other changes	–	–	–	–	–	–
D. Net closing balances	**1,308**	**2,882**	**723**	**394**	**3**	**5,310**
D.1 Net total impairment	–	3,048	1,417	3,767	38	8,270
D.2 Gross closing balance	1,308	5,930	2,140	4,161	41	13,580
E. Valuation at cost						

The above tangible assets were reported using the cost model increased by directly chargeable accessory expenses. These have been subjected to systematic depreciation on a straight-line basis, determined according to the useful life of the asset in question and the period of effective use.

The depreciation rates applied, on the basis of the useful life of the assets, are as follows: Property 3%, Furniture and Furnishings (with the exclusion of works of art) 12%, Systems 15%-20%, Office machines and electronic equipment 20%, Vehicles 25%

Section 12 – Intangible assets – Item 120

12.1 Intangible assets: breakdown by asset

Assets/Amounts	Total 31.12.2014		Total 31.12.2013	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	X	300	X	300
A.2 Other intangible assets	67	48	51	48
A.2.1 Assets carried at cost:	67	48	51	48
a) Intangible assets generated internally	–	–	–	–
b) Other assets	67	48	51	48
A.2.2 Assets carried at fair value:	–	–	–	–
a) Intangible assets generated internally	–	–	–	–
b) Other assets	–	–	–	–
Total	**67**	**348**	**51**	**348**

Item A.1 equal to 300 thousand euros regards a part of the goodwill resulting from the merger of Banca Finnat Euramerica S.p.A. into Terme Demaniali di Acqui S.p.A., completed in 2003. Inasmuch as it is an intangible asset with indefinite useful life, an impairment test was carried out in accordance with the provisions of IAS 36. This evaluation did not show any loss in value to record in the income statement.

12.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		DEF	INDEF	DEF	INDEF	
A. Gross opening balance	**300**	**–**	**–**	**2,523**	**48**	**2,871**
A.1 Net total impairment	–			2,472	–	2,472
A.2 Net opening balance	**300**	**–**	**–**	**51**	**48**	**399**
B. Increases	**–**	**–**	**–**	**57**	**–**	**57**
B.1 Purchases	–			57	–	57
B.2 Increases in internal intangible assets	X			–		–
B.3 Write-backs	X			–		–
B.4 Positive changes in fair value	–	–	–	–	–	–
- on net equity	X			–		–
- on income statement	X			–		–
B.5 Positive exchange rate differences	–			–		–
B.6 Other changes	–			–		–
C. Decreases	**–**	**–**	**–**	**41**	**–**	**41**
C.1 Sales	–			–		–
C.2 Value adjustments	–	–	–	41	–	41
(-) Amortisation	X			41		41
(-) Write-downs	–	–	–	–	–	–
(+) net equity	X			–		–
(+) income statement				–		–
C.3 Negative changes in fair value	–	–	–	–	–	–
- on net equity	X			–		–
- on income statement	X			–		–
C.4 Transfers to non-current assets being disposed	–			–		–
C.5 Negative exchange differences	–			–		–
C.6 Other changes	–			–		–
D. Net closing balances	**300**	**–**	**–**	**67**	**48**	**415**
D.1 Total net value adjustments	–	–	–	2,513	–	2,513
E. Gross closing balance	**300**	**–**	**–**	**2,580**	**48**	**2,928**
F. Valuation at cost						

Key:
DEF: definite life
INDEF: indefinite life

The above intangible assets with definite life refer to software licenses. The useful life of the above intangible assets has been estimated as three years hence the assets have been subjected to amortisation on a straight-line basis with the application of the rate of 33.33%.

Section 13 – Tax assets and liabilities – Items 130 (assets) and 80 (liabilities)

Current tax assets total 1,979 thousand euros (2,047 thousand euros at 31 December 2013) and concern tax consolidation credits of 404 thousand euros and tax credits requested for refund of 1,575 thousand euros. This latter amount comprises:

- 1,227 thousand euros (of which 884 thousand euros referring to the Bank and 343 thousand euros referred to the other companies participating in the consolidated tax system) as a result of the request for refund for the recovery of the deduction for Ires purposes, of Irap referred to staff costs, for the years prior to 2012 (Article 6 of Italian Law Decree no. 185/2008 and Article 2 of Italian Law Decree no. 201/2011 supplemented by Italian Law Decree no. 16/2012);
- 134 thousand euros for taxes paid on tax assessment, referred to tax year 2003, for which appeal is pending;
- 213 thousand euros for requests for reimbursement of previous years' IRPEG tax;
- 1 thousand euros for VAT reimbursement request.

Current tax liabilities total 394 thousand euros (523 thousand euros at 31 December 2013) and they consist of:

- 54 thousand euros for VAT for the year 2014;
- 157 thousand euros for Irap for the year 2014;
- 183 thousand euros for assessments for which appeals are pending (of which 178 thousand euros referred to tax year 2003).

13.1 Advance tax assets: breakdown

	Total 31.12.2014	Total 31.12.2013
a) Of which per Italian Law 214/2011	**2,221**	**2,310**
Goodwill	1,731	2,125
Write-down of receivables set forth in Article 106 par. 3 of the TUIR	490	185
b) Other	**172**	**426**
Write-down of securities	3	282
Write-down of receivables	94	94
Staff severance fund – IAS change	75	46
Administrative expenses	–	4
Total	**2,393**	**2,736**

Advance tax assets on Goodwill refer to the lower tax burden related to the amortisation that will contribute to the calculation of the taxable income in the forthcoming years (until 2019). Said tax goodwill – originally totalling 21,440 thousand euros – was recorded in 2003, as a result of the merger of Banca Finnat Euramerica S.p.A. and Finnat Corporate S.p.A. with Terme Demaniali di Acqui S.p.A.

13.2 Deferred tax liabilities: breakdown

	Total 31.12.2014	Total 31.12.2013
Revaluation of equity investments	656	605
Revaluation of securities	3,299	3,311
Allocation of merger difference on securities	40	47
Other	2	36
Total	**3,997**	**3,999**

Advance and deferred taxes have been determined applying the Ires and, where applicable, Irap rates in force at the date of preparation of these financial statements.

Article 2 of Italian Law Decree 225/2010 (the "*mille proroghe*" or "thousand extensions") subsequently amended by Article 9 of Italian Law Decree 201/2011 (the so-called "Monti" decree) converted by Italian Law no. 214/2011 introduced the possibility of transforming in tax credits the deferred tax assets recorded in the financial statements and related to the value of the goodwill and to the write-down of receivables pursuant to Article 106, paragraph 3, of the TUIR (Consolidated Income Tax Act).

In particular, the transformation in tax receivables can be realised upon the occurrence of some cases identified by the regulation itself and more specifically in case of: a) statutory loss; b) tax loss; c) voluntary liquidation; d) subjecting to bankruptcy proceedings. Advance tax assets calculated pursuant to Italian Law 214/2011, for the recognition in the financial statements, should not be subject to the test in accordance with IAS 12.

13.3 Changes in advance taxes (with corresponding item in the income statement)

	Total 31.12.2014	Total 31.12.2013
1. Opening balance	**2,411**	**2,639**
2. Increases	**349**	**179**
2.1 Advance taxes recognised in the year	349	174
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) write-backs	–	–
d) other	349	174
2.2 New taxes or increases in tax rates	–	
2.3 Other increases	–	5
3. Decreases	**446**	**407**
3.1 Advance taxes cancelled during the year	446	407
a) reallocations	446	407
b) write-downs due to irrevocability	–	–
c) change in the accounting policies	–	–
d) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
a) transformation in tax receivables set forth in Italian Law no. 214/2011	–	–
b) other	–	–
4. Closing balance	**2,314**	**2,411**

The figures indicated in table 13.3 comprise the amounts shown in table 13.3.1.

13.3.1 Changes in advance taxes set forth in Italian Law 214/2011 (with corresponding item in the income statement)

	Total 31.12.2014	Total 31.12.2013
1. Opening balance	**2,310**	**2,536**
2. Increases	**349**	**170**
3. Decreases	**438**	**396**
3.1 Reallocations	438	396
3.2 Transformation into tax receivables		
a) deriving from losses for the year		
b) deriving from tax losses		
3.3 Other decreases		
4. Closing balance	**2,221**	**2,310**

The Bank, albeit in the presence of a tax loss, did not recognise the related advance taxes that can be transformed in tax credits in that, joining the domestic consolidated tax system, the loss is fully offset by the taxable income of the Group.

13.4 Changes in deferred taxes (with corresponding item in the income statement)

	Total 31.12.2014	Total 31.12.2013
1. Opening balance	**1,634**	**1,128**
2. Increases	**679**	**612**
2.1 Deferred taxes recorded in the year	679	577
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	679	577
2.2 New taxes or increases in tax rates	–	–
2.3 Other increases	–	35
3. Decreases	**173**	**106**
3.1 Deferred taxes cancelled during the year	173	106
a) reallocations	173	106
b) due to the change in the accounting policies	–	–
c) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**2,140**	**1,634**

13.5 Changes in advance taxes (with corresponding item in the net equity)

	Total 31.12.2014	Total 31.12.2013
1. Opening balance	**325**	**77**
2. Increases	**36**	**282**
2.1 Advance taxes recognised in the year	36	282
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	36	282
2.2 New taxes or increases in tax rates	–	–
2.3 Other increases	–	–
3. Decreases	**282**	**34**
3.1 Advance taxes cancelled during the year	282	34
a) reallocations	282	34
b) write-downs due to irrevocability	–	–
c) due to the change in the accounting policies	–	–
d) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**79**	**325**

13.6 Changes in deferred taxes (with corresponding item in net equity)

	Total 31.12.2014	Total 31.12.2013
1. Opening balance	**2,365**	**1,987**
2. Increases	**341**	**766**
2.1 Deferred taxes recorded in the year	341	766
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	341	766
2.2 New taxes or increases in tax rates	–	–
2.3 Other increases	–	–
3. Decreases	**849**	**388**
3.1 Deferred taxes cancelled during the year	849	388
a) reallocations	849	388
b) due to the change in the accounting policies	–	–
c) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	–	–
4. Closing balance	**1,857**	**2,365**

For further information on changes to advance and deferred taxes, please see: for those recorded in the income statement, Part C—Section 18 Income taxes for the year and for those recorded in the shareholders' equity Part D – Comprehensive income.

* * *

In terms of tax disputes, the Revenue Agency Rome office notified an income tax assessment to the Bank for the year 2003 to the bank, duly appealed. In 2011, the Provincial Tax Commission of Rome filed the judgement with which it partially upheld the complaints made during the appeal. The Bank, as a result of the partial acceptance in first instance, allocated the residual Irpeg tax of 83 thousand euros (plus sanctions and interest of 95 thousand euros), and lodged appeal before the Regional Tax Commission of Rome. During 2012, the second instance judges rejected the appeal made by the Bank that lodged an appeal before the Supreme Court.

Moreover, an appeal is currently pending before the Supreme Court for which the amount of Irpeg and Irap taxes in dispute of 55 thousand euros (plus sanctions and interests of 34 thousand euros) pertaining to the 2002 financial year, was fully paid at the time.

Section 15 – Other assets – Item 150

15.1 Other assets: breakdown

	Total 31.12.2014	Total 31.12.2013
Receivables for guarantee deposits	332	251
Payables to group companies for tax consolidation	922	673
Due from the Group companies	1	38
Deposits with Cassa Compensazione e Garanzia	3,472	5,884
Due from counterparties and brokers	1,272	445
Tax credits for withholding tax	2,155	2,034
Sundry receivables	4,204	1,012
Total	**12,358**	**10,337**

The figures for 2013 were restated as a result of the reclassification to item 70. Receivables due from customers, Deposits for margins with the Cassa di Compensazione e Garanzia amounting to 17,589 thousand euros.

LIABILITIES

Section 1 – Due to banks – Item 10

1.1 Due to banks: breakdown by product

Type of transaction/Amount	Total 31.12.2014	Total 31.12.2013
1. Due to Central Banks	**95,359**	**95,206**
2. Due to banks	**1,835**	**276**
2.1 Current accounts and demand deposits	1,835	276
2.2 Fixed-term deposits	–	–
2.3 Loans	–	–
2.3.1 Reverse repos	–	–
2.3.2 Other	–	–
2.4 Amounts due under repurchase agreements of own equity instruments	–	–
2.5 Other liabilities	–	–
Total	**97,194**	**95,482**
Fair value-level 1		
Fair value-level 2		
Fair value-level 3	97,194	95,482
Total Fair value	**97,194**	**95,482**

Item 1. Due to central banks shows the amount of the LTRO transaction launched by the ECB with expiration February 2015, including accrued interest due.

Section 2 – Due to customers – Item 20

2.1 Due to customers: breakdown by product

Type of transactions/Values	Total 31.12.2014	Total 31.12.2013
1. Current accounts and demand deposits	304,497	357,629
2. Fixed-term deposits	40,116	54,138
3. Loans	600,968	385,812
3.1 Reverse repos	600,968	385,812
3.2 Other	–	–
4. Amounts due under repurchase agreements of own equity instruments	–	–
5. Other payables	153	136
Total	**945,734**	**797,715**
Fair value-level 1		
Fair value-level 2		
Fair value-level 3	945,734	797,715
Total Fair value	**945,734**	**797,715**

Item 3.1 Reverse repos concerns transactions carried out with Cassa di Compensazione e Garanzia.

Section 3 – Outstanding securities – Item 30

3.1 Outstanding securities: breakdown by product

Type of securities/ Amount	Total 31.12.2014				Total 31.12.2013			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	**48,658**	**–**	**–**	**48,504**	**41,685**	**–**	**–**	**41,564**
1. bonds	48,658	–	–	48,504	39,673	–	–	39,552
1.1 structured	–	–	–	–	–	–	–	–
1.2 other	48,658	–	–	48,504	39,673	–	–	39,552
2. other securities	–	–	–	–	2,012	–	–	2,012
2.1 structured	–	–	–	–	–	–	–	–
2.2 other	–	–	–	–	2,012	–	–	2,012
Total	**48,658**	**–**	**–**	**48,504**	**41,685**	**–**	**–**	**41,564**

Bonds issued are inclusive of the accrued interest. The amount is given minus the value of the securities held by the Bank for trading, totalling a nominal value of 4,150 thousand euros.

Section 4 – Financial liabilities held for trading – Item 40

4.1 Financial liabilities held for trading: breakdown by product

Type of transaction/Amount	Total 31.12.2014					Total 31.12.2013				
	NV	FV			FV*	NV	FV			FV*
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities	**3**	**3**	**–**	**–**		**–**	**–**	**–**	**–**	
1. Due to banks										
2. Due to customers	3	3			–					–
3. Debt securities	–	–	–	–	–	–	–	–	–	–
3.1 Bonds	–	–	–	–		–	–	–	–	
3.1.1 Structured					X					X
3.1.2 Other bonds					X					X
3.2 Other securities	–	–	–	–		–	–	–	–	
3.2.1 Structured					X					X
3.2.2 Other		–			X					X
Total A	**3**	**3**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B. Derivatives		**–**	**2,356**	**–**			**–**	**381**	**–**	
1. Financial derivatives		–	2,356	–			–	381	–	
1.1 Held for trading	X	–	2,356	–	X	X	–	381	–	X
1.2 Related to the fair value option	X	–	–	–	X	X	–	–	–	X
1.3 Other	X	–	–	–	X	X	–	–	–	X
2. Credit derivatives		–	–	–			–	–	–	
2.1 Held for trading	X	–	–	–	X	X	–	–	–	X
2.2 Related to the fair value option	X	–	–	–	X	X	–	–	–	X
2.3 Other	X	–	–	–	X	X	–	–	–	X
Total B	**X**	**–**	**2,356**	**–**	**X**	**X**	**–**	**381**	**–**	**X**
Total (A + B)	**X**	**3**	**2,356**	**–**	**X**	**X**	**–**	**381**	**–**	**X**

Key:
FV = fair value
FV* = fair value calculated excluding the changes in value due to the change in the credit rating of the issuer with respect to the issue date
NV = face or notional value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Financial liabilities held for trading B. Derivatives include the measurement of currency forwards of 1,565 thousand euros and the fair value measurement of an Interest Rate Swap Amortising of 277 thousand euros. This derivative is a hedging transaction for managing the interest rate risk associated with the granting of a fixed-rate loan. The item also comprises 514 thousand euros of the fair value measurement of European call options sold with underlying 108,600 LSEG plc shares. The number of shares that constitute the underlying asset was adjusted applying the conversion factor established at the time of the company's capital increase.

Section 8 – Tax liabilities – Item 80

See Section 13 of the assets.

Section 10 – Other liabilities – Item 100

10.1 Other liabilities: breakdown

	Total 31.12.2014	Total 31.12.2013
Social security and insurance contributions to be paid	880	826
Payables to employees and contractors	1,150	1,030
Emoluments to be paid to the Directors	-	13
Emoluments to be paid to the Board of Statutory Auditors	187	186
Due to suppliers	574	462
Payables to group companies for tax consolidation	63	18
Payables to group companies	2,802	309
Shareholders for dividends to be paid	914	751
Payables to brokers and institutional counterparties	6,371	603
Tax payables for withholding tax	2,105	1,438
Other payables	2,466	1,212
Total	**17,512**	**6,848**

Payables to Group companies include the indemnity recognised by the Bank to the subsidiary Investire Immobiliare SGR S.p.A., amounting to 2,489 thousand euros, in view of the guarantee provided to the shareholders of the companies absorbed by the latter entity. This guarantee covers the emergence of costs incurred and not expected when determining the swap ratios. In the case at hand, these extraordinary, non repeatable costs pertain to the claim by the Revenue Agency - Regional Office of Lazio, for the failure to withhold amounts on earnings paid to owners of units of real estate funds managed by Investire Immobiliare SGR S.p.A. The subsidiary is carrying out an initiative to recover the amount stated with respect to the unit holders and, at the time of the collection by the subsidiary, the amount shall be returned to the Bank which issued the guarantee.

Section 11 – Staff severance fund – Item 110

11.1 Staff severance fund: annual changes

	Total 31.12.2014	Total 31.12.2013
A. Opening balance	**2,466**	**2,608**
B. Increases	**802**	**561**
B.1 Allocation for the year	802	561
B.2 Other changes	–	–
C. Decreases	**747**	**703**
C.1 Severance indemnities paid out	189	550
C.2 Other changes	558	153
D. Closing balance	**2,521**	**2,466**

Item B.1 Allocation for the year, includes the actuarial losses of 118 thousand euros (actuarial gain of 91 thousand euros in 2013) recognised among valuation reserves - net of the tax effect - in accordance with IAS 19.

Item C.2 Other changes includes payments made to supplementary Social Security Institutes and the INPS Treasury – net of disbursements carried out - as established by Italian Law no. 296/06.

The actuarial assumptions used to calculate the liabilities as at the balance sheet date are set out below:

Demographic assumption
As regards the demography data used, life expectancy was assessed using the RG48 demographic table on population activity ratios ("Tavola di permanenza nella posizione di attivo") (processed by the General Accounting Office, by reference to the 1948 generation), "selected, projected and subdivided by gender", supplemented by internal statistics concerning the probability of staff leaving employment.

Economic-financial assumptions
Technical evaluations were made on the basis of the following assumptions:

- technical discount rate between 0.1775% and 2.978%, determined on the basis of the rate curve built on the basis of the effective yield rate of the bonds in Euro of leading companies rated AA or higher;
- annual inflation rate 1.75%

The staff severance fund at 31 December 2014, calculated in accordance with the provisions of Article no. 2120 of the Italian Civil Code amounted to 2,250 thousand euros.

Section 14 – Net equity – Items 130, 160, 180, 190 and 200

14.1 "Share capital" and "Treasury shares": Breakdown

At 31 December 2014, the share capital paid up by the Bank was 72,576,000 euros, divided into 362,880,000 ordinary shares with a face value of 0.20 euros each, and the Bank holds 25,105,632 treasury shares, amounting to 6.9% of the share capital (24,052,398 at 31 December 2013).

In application of IAS 32 and of the provisions contained in the Circular Letter no. 262/2005, the own shares held exclusively at 31 December 2014 were used to adjust the net equity for an amount of 12,410 thousand euros, which corresponds to their purchase price.

14.2 Share capital - Number of shares: annual changes

Items/Types	Ordinary	Other
A. Number of shares at the beginning of the year	**362,880,000**	
- fully paid-up	362,880,000	
- partly paid-up	–	
A.1 Own shares (-)	(24,052,398)	
A.2 Outstanding shares: opening balance	**338,827,602**	
B. Increases	**5,000**	–
B.1 New issues		
- against payment:		
- business combinations	–	
- conversion of bonds	–	
- exercise of warrants	–	
- other	–	
- on a free basis:		
- in favour of staff	–	
- in favour of directors	–	
- other	–	
B.2 Sale of own shares	5,000	
B.3 Other changes	–	
C. Decreases	**1,058,234**	–
C.1 Cancellation	–	
C.2 Purchase of own shares	1,058,234	
C.3 Disposal of companies	–	
C.4 Other changes	–	
D. Outstanding shares: closing balance	**337,774,368**	–
D.1 Own shares (+)	25,105,632	
D.2 Number of shares at the end of the year	362,880,000	
- fully paid-up	362,880,000	
- partly paid-up		

14.3 Share capital: additional information

During the year, the Bank's share capital was not subject to change.

14.4 Retained earnings: additional information

The "Reserves" item amounts to 91,946 thousand euros (90,264 thousand euros at 31 December 2013 restated) and is broken down as follows:

- retained earnings:
  86,611 thousand euros consisting of the legal reserve of 8,720 thousand euros, extraordinary reserve of 56,321 thousand euros, the dividend adjustment reserve of 6,725 thousand euros, restated Ias 19 retained earnings reserve of 179 thousand euros, the reserve for merger surplus of 525 thousand euros, treasury shares purchased of 12,410 thousand euros and the residual amount of reserve for purchase of treasury shares of 1,731 thousand euros;
- other reserves:
  5,335 thousand euros consisting of the reserve for the gains on the sale of treasury shares of 4,337 thousand euros and the stock option plan reserve of 998 thousand euros.

14.6 Other information

The table below shows the information required by Article 2427, paragraph 7-bis of the Italian Civil Code.

Type/description	Amount at 31.12.2014	Possibility of use	Share available	Summary of utilisation during the last three years: For loss coverage	Summary of utilisation during the last three years: For other reasons 2011	2012	2013
Share capital	**72,576**		**–**				
Reserves:	**91,946**		**68,087**				
Legal reserve	8,720	B	–				
Extraordinary reserve	56,321	A B C	56,321				
Dividend adjustment reserve	6,725	A B C	6,725				
Profit brought forward	179	A B C	179				
Gains on the sale of treasury shares	4,337	A B C	4,337				
Reserve for treasury shares purchased	12,410		–				
Reserve for purchases of treasury shares	1,731		–				
Reserve for stock option plan	998	A	–				
Reserve for merger surplus	525	A B C	525				
Valuation reserves:	**77,066**		**1,364**				
Special revaluation regulations	1,364	A B	1,364				
Valuation reserve	75,702	B	–				
Treasury shares	**(12,410)**		**–**				
TOTAL	**229,178**		**69,451**	–			
Non-distributable share	–		1,364				
Remaining distributable share	**–**		**68,087**				

Key:
A for share capital increase
B for loss coverage
C for distribution to shareholders

OTHER INFORMATION

1. Guarantees given and commitments

Transactions	Amount 31.12.2014	Amount 31.12.2013
1) Financial guarantees given	12,531	15,031
a) Banks	252	272
b) Customers	12,279	14,759
2) Commercial guarantees given	506	2,168
a) Banks	–	
b) Customers	506	2,168
3) Irrevocable commitments to disburse funds	3,464	6,751
a) Banks	532	108
i) for certain use	532	108
ii) for uncertain use	–	
b) Customers	2,932	6,643
i) for certain use	1,583	3,335
ii) for uncertain use	1,349	3,308
4) Commitments underlying credit derivatives: sales for protection	–	
5) Assets pledged as guarantee of the obligations of third parties	–	
6) Other commitments	19,636	18,175
Total	**36,137**	**42,125**

Item 1) a) Banks shows the percentage of the commitment towards the Interbank Fund for the Protection of Deposits.

2. Assets pledged as guarantee of own liabilities and commitments

Portfolios	Amount 31.12.2014	Amount 31.12.2013
1. Financial assets held for trading	4,988	28,935
2. Financial assets carried at fair value	–	–
3. Available-for-sale financial assets	703,407	442,626
4. Financial assets held to maturity	–	–
5. Due from banks	–	–
6. Due from customers	–	–
7. Tangible assets	–	–

The data at 31 December 2013 were restated to assure comparability with those referred to 31 December 2014.

4. Management and brokerage on behalf of third parties

Type of service	Amount
1. Execution of orders on customers' behalf	
a) purchases	2,310,891
1. settled	2,274,921
2. unsettled	35,970
b) sales	2,490,315
1. settled	2,486,869
2. unsettled	3,446
2. Portfolio management	
a) individual	514,386
b) collective	–
3. Custody and administration of securities	
a) third-parties securities on deposit related to depository services (excluding portfolio management)	–
1. securities issued by the bank preparing the Financial Statements	–
2. other securities	–
b) third-party securities on deposit (excluding portfolio management): other	2,024,060
1. securities issued by the bank preparing the Financial Statements	56,267
2. other securities	1,967,793
c) third-party securities lodged with third parties	1,991,028
d) own securities lodged with third parties	266,958
4. Other transactions	

Part C – Information on the Income Statement

The data for the year 2013 were restated to assure comparability with those referred to the year 2014.

Section 1 – Interest – Items 10 and 20

1.1 Interest income and similar income: breakdown

Items/Categories	Debt securities	Loans	Other transactions	Total FY 2014	Total FY 2013
1. Financial assets held for trading	1,959	–	–	1,959	4,444
2. Available-for-sale financial assets	8,064	–	–	8,064	7,727
3. Financial assets held to maturity	68	–	–	68	73
4. Due from banks	–	602	–	602	299
5. Due from customers	–	6,234	–	6,234	5,827
6. Financial assets carried at fair value	–	–	–	–	–
7. Hedging derivatives	X	X	–	–	–
8. Other assets	X	X	6	6	2
Total	**10,091**	**6,836**	**6**	**16,933**	**18,372**

1.4 Interest expense and similar expense: breakdown

Items/Categories	Payables	Securities	Other transactions	Total FY 2014	Total FY 2013
1. Due to central banks	153	X		153	524
2. Due to banks	9	X	–	9	1
3. Due to customers	3,882	X	–	3,882	2,670
4. Outstanding securities	X	325	–	325	470
5. Financial liabilities held for trading	–	–	–	–	–
6. Financial liabilities carried at fair value	–	–	–	–	–
7. Other liabilities and funds	X	X	–	–	–
8. Hedging derivatives	X	X	–	–	–
Total	**4,044**	**325**	**–**	**4,369**	**3,665**

Interest margin totals 12,564 thousand euros, versus 14,707 thousand euros in the previous financial year. The decrease by 2,143 thousand euros is mainly due to the reduction in the yields of the loans.

Section 2 – Commissions – Items 40 and 50

2.1 Commission income: breakdow

Type of services/Amounts	Total FY 2014	Total FY 2013
a) guarantees given	120	257
b) credit derivatives	–	–
c) administration, brokerage and consultancy services:	12,719	10,402
1. trading in financial instruments	3,821	3,291
2. trading in currencies	–	–
3. portfolio management	3,957	2,847
3.1. individual	3,957	2,847
3.2. collective	–	–
4. custody and administration of securities	211	157
5. custodian bank	–	–
6. securities placement	3,419	3,106
7. acceptance of trading orders	–	–
8. consulting	1,081	917
8.1. investments	40	–
8.2. financial structure	1,041	917
9. distribution of third-party services	230	84
9.1. portfolio management	–	–
9.1.1. individual	–	–
9.1.2. collective	–	–
9.2. insurance policies	230	84
9.3. other products	–	–
d) collection and payment services	156	148
e) servicing of securitisation operations	–	–
f) factoring services	–	–
g) rate and tax collection office services	–	–
h) multilateral trading systems management	–	–
i) current account keeping and management	188	158
j) other services	476	348
Total	**13,659**	**11,313**

The item increased by 2,346 thousand euros compared to the previous year. The increase was mainly due to the commissions for “administration, brokerage and consultancy services”.

2.2 Commission income: distribution channels of products and services

Channels/Amounts	Total FY 2014	Total FY 2013
a) own branches:	**4,187**	**2,931**
1. portfolio management	3,957	2,847
2. securities placement	–	–
3. third-party products and services	230	84
b) other outlets:	**–**	**–**
1. portfolio management	–	–
2. securities placement	–	–
3. third-party products and services	–	–
c) other distribution channels:	**3,419**	**3,106**
1. portfolio management	–	–
2. securities placement	3,419	3,106
3. third-party products and services	–	–

2.3 Commission expense: breakdown

Services/Amounts	Total FY 2014	Total FY 2013
a) guarantees received	–	–
b) credit derivatives	–	–
c) management and brokerage services:	787	780
1. trading in financial instruments	363	299
2. trading in currencies	–	–
3. portfolio management:	289	372
3.1 own portfolio	37	120
3.2 third-party portfolio	252	252
4. custody and administration of securities	131	102
5. placement of financial instruments	4	7
6. sales of financial instruments, products and services through other outlets	–	–
d) collection and payment services	47	47
e) other services	112	59
Total	**946**	**886**

Section 3 – Dividends and similar income – Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total FY 2014		Total FY 2013	
	Dividends	Income from UCI units	Dividends	Income from UCI units
A. Financial assets held for trading	10	–	2	5
B. Available-for-sale financial assets	1,921	1,855	795	2,037
C. Financial assets carried at fair value	–	–	–	–
D. Equity investments	3,375	X	3,805	X
Total	**5,306**	**1,855**	**4,602**	**2,042**

Item B. Available-for-sale financial assets - Dividends increased by 1,126 thousand euros from the previous year, mainly as a result of the distribution of extraordinary dividends by Beni Stabili Gestioni SGR S.p.A. and CSE Consorzio Servizi Bancari S.r.l.

Section 4 – Net income from trading activities – Item 80

4.1 Net income from trading activities: breakdown

Transactions/Income items	Gains (A)	Profit from trading activities (B)	Losses (C)	Losses from trading activities (D)	Net income [(A+B) - (C+D)]
1. Financial assets held for trading	**348**	**280**	**299**	**1,200**	**(871)**
1.1 Debt securities	195	123	152	1,006	(840)
1.2 Equity securities	31	149	142	179	(141)
1.3 UCI units	122	8	5	15	110
1.4 Loans	–	–	–	–	–
1.5 Other	–	–	–	–	–
2. Financial liabilities held for trading	**–**	**–**	**–**	**–**	**–**
2.1 Debt securities					–
2.2 Payables					–
2.3 Other					–
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(1,101)**
4. Derivatives	**32**	**1,817**	**406**	**438**	**271**
4.1 Financial derivatives:	32	1,817	406	438	271
- On debt securities and interest rates	23	–	–	117	(94)
- On equity securities and stock indices	9	1,817	406	321	1,099
- On currencies and gold	X	X	X	X	(734)
- Other	–	–	–	–	–
4.2 Credit derivatives	–	–	–	–	–
Total	**380**	**2,097**	**705**	**1,638**	**(1,701)**

Net income from trading activities features a negative balance of 1,701 thousand euros, compared to an equally negative balance of 2,503 thousand euros of the previous financial year, and may be broken down as follows:

- 1,581 thousand euros as a positive balance referring to transactions carried out in derivatives on certificates representing greenhouse gas emissions allowances;
- a negative balance between profits and losses on exchange transactions totalling 1,101 thousand euros. The balance includes the loss of 1,521 thousand euros on the forward sale of sterling against euros to hedge against exposure to exchange risks, with respect to the LSEG shares, which does not meet the requirements of IAS 39 on hedging transactions;
- a negative balance between profits and losses related to trading on securities and derivatives of 1,122 thousand euros;
- negative difference between unrealised capital gains and losses, in connection with the fair value measurement of the trading portfolio, totalling 348 thousand euros;
- negative difference of 711 thousand euros between unrealised capital gains and losses in connection with the fair value measurement of currency forwards and of Interest Rate Swap Amortising.

Section 6 – Profit (loss) from disposal/repurchase – Item 100

6.1 Profit (Loss) from disposal/repurchase: breakdown

Items/Income items	Total FY 2014			Total FY 2013		
	Profit	Losses	Net income	Profit	Losses	Net income
Financial assets						
1. Due from banks	–	–	–	–	–	–
2. Due from customers	–	–	–	–	–	–
3. Available-for-sale financial assets	4,771	19	4,752	1,612	3	1,609
3.1 Debt securities	1,645	–	1,645	198	3	195
3.2 Equity securities	3,126	–	3,126	1,414	–	1,414
3.3 UCI units	–	19	(19)	–	–	–
3.4 Loans	–	–	–	–	–	–
4. Financial assets held to maturity	–	–	–	–	–	–
Total assets	**4,771**	**19**	**4,752**	**1,612**	**3**	**1,609**
Financial liabilities						
1. Due to banks			–			–
2. Due to customers			–			–
3. Outstanding securities			–			–
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**

Item 3.1 Debt securities includes the capital gains realised from the sale of medium/long term Government Bonds of 1,556 thousand euros.

Item 3.2 Equity securities relates to the capital gain realised from the sale of 120,000 London Stock Exchange Group plc shares and of rights deriving from the capital increase.

Section 8 - Net value adjustments/write-backs for the impairment – Item 130

8.1 Net value adjustments for impairment of loans: breakdown

Transactions/ Income items	Value adjustments (1)			Write-backs(2)				Total FY 2014 (1) - (2)	Total FY 2013
	Specific		Portfolio	Specific		Portfolio			
	Derecognition	Other		A	B	A	B		
A. Due from banks	–	–	–	–	–	–	–	–	–
- Loans	–	–	–	–	–	–	–	–	–
- Debt securities	–	–	–	–	–	–	–	–	–
B. Due from customers	2	1,359	–	–	27	–	20	1,314	639
Purchased impaired loans	–	–		–	–			–	–
- Loans	–	–	X	–	–	X	X	–	–
- Debt securities	–	–	X	–	–	X	X	–	–
Other receivables	2	1,359	–	–	27	–	20	1,314	639
- Loans	2	1,359	–	–	27	–	20	1,314	639
- Debt securities	–	–	–	–	–	–	–	–	–
C. Total	**2**	**1,359**	**–**	**–**	**27**	**–**	**20**	**1,314**	**639**

Key: A = from interest B = other write-backs

The specific impairments "Other" refer to non-performing loans of 1,067 thousand euros and impaired loans of 292 thousand euros. Specific write-backs refer to impaired loans.

8.2 Net value adjustments for impairment of available-for-sale financial assets: breakdown

Transactions/ Income items	Value adjustments (1)		Write-backs (2)		Total FY 2014 (1) – (2)	Total FY 2013
	Specific		Specific			
	Derecognition	Other	A	B		
A. Debt securities	–	–	–	–	–	–
B. Equity securities	–	509	X	X	509	–
C. UCI units	–	1,093	X	–	1,093	58
D. Loans to banks	–	–	–	–	–	–
E. Loans to customers	–	–	–	–	–	–
F. Total	**–**	**1,602**	**–**	**–**	**1,602**	**58**

Key: A = from interest B = other write-backs

The impairment loss on equity securities relates to the alignment to the swap values of Shares of Beni Stabili Gestioni SGR S.p.A. as a result of the merger by absorption, with effect on 1 January 2015, into Investire Immobiliare SGR S.p.A. The merger is described in the Report on Operations among the main transactions in the year.

The impairment loss on UCI units relates to the Fondo Immobili Pubblici (FIP). As prescribed in the standards for the preparation of the financial statements, said loss was recognised because the fair value of the units was found to be lower than the cost for an uninterrupted period of more than 18 months.

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

Transactions/ Income items	Value adjustments (1)			Write-backs (2)				Total FY 2014 (1) - (2)	Total FY 2013
	Specific		Portfolio	Specific		Portfolio			
	Derecognition	Other		A	B	A	B		
A. Guarantees given	38	9						47	
B. Credit derivatives									
C. Commitments to disburse funds									
D. Other transactions	–	–			–			–	–
E. Total	**38**	**9**	**–**	**–**	**–**	**–**	**–**	**47**	**–**

Key: A = from interest B = other write-backs

The impairment losses on Guarantees given pertain to the contribution shares to the Interbank Fund for the Protection of Deposits for the actions carried out in 2014.

Section 9 – Administrative expenses – Item 150

9.1 Staff costs: breakdown

Type of expenses/Amounts	Total FY 2014	Total FY 2013
1) Staff	15,240	14,040
a) wages and salaries	10,958	10,132
b) social security charges	2,868	2,617
c) staff severance fund	558	530
d) welfare charges	–	–
e) allocation for staff severance fund	14	26
f) allocation to pensions and similar commitments:	–	–
- defined contribution	–	–
- defined benefit	–	–
g) allocation to external supplementary retirement benefit plans:	120	103
- defined contribution	120	103
- defined benefit	–	–
h) costs due to payment agreements based on own capital instruments	160	10
i) other benefits in favour of employees	562	622
2) Other active staff	473	403
3) Directors and statutory auditors	1,204	1,572
4) Inactive staff		
5) Expenses recovered for employees seconded with other companies	–	–
6) Expense reimbursements for third party employees seconded with the company	–	–
Total	**16,917**	**16,015**

Item 1) e) does not include the actuarial loss referred to IAS staff severance fund of 118 thousand euros (actuarial gain of 91 thousand euros in 2013), recognised among Valuation reserves - net of the tax effect. Item 1) h) includes, in accordance with IFRS 2, the charge pertaining to the fair value measurement, at the assignment date, of the stock option rights assigned to the management of the Bank and referable to the outstanding options at the end of the financial year.

9.2 Average number of employees by category

	FY 2014	FY 2013
Staff	**169**	**159**
(a) senior managers	23	22
(b) total executives	36	35
(c) rest of staff	110	102
Other staff	**8**	**8**

9.4 Other benefits in favour of employees

Employee benefits amount to 562 thousand euros (versus 622 thousand euros last year) and concern luncheon voucher, collective health care policies, professional training, cars and other benefits.

9.5 Other administrative expenses: breakdown

Type of expense/Amounts	Total FY 2014	Total FY 2013
Rentals and condominium fees	1,703	1,687
Membership fees	103	96
EDP materials	3	24
Stationery and printing supplies	51	74
Consulting and outsourced professional services	963	769
Outsourcing services	1,551	1,408
Auditing company fees	156	144
Maintenance	212	205
Utilities and connections	1,526	1,543
Postal, transport and shipment fees	53	43
Insurance companies	58	148
Advertising, publications and sponsorship	137	113
Office cleaning	158	150
Books, newspapers and magazines	29	33
Entertainment expenses	286	353
Travel expenses and mileage based reimbursements	82	100
Other duties and taxes	3,611	2,287
Security charges	129	138
Other	319	372
Total	**11,130**	**9,687**

The other administrative expenses increased by 1,443 thousand euros compared to the previous financial year.

The growth is mainly due to the increased stamp duty applied to customers' deposits and accounts. The collections of this tax and of the other expenses from customers - not recorded in reduction of "Other administrative expenses" - are allocated in item "190. Other operating income/expenses", amount to 3,616 thousand euros (2,312 thousand euros in 2013). The other administrative expenses, excluding these recoveries, amounted to 7,514 thousand euros compared to 7,375 thousand euros in 2013.

Auditing company fees

In accordance with the requirements of art. 149 duodecies of Consob Resolution no. 15915 of 3 May 2007, we list the fees paid for 2014 for the various services provided to Banca Finnat Euramerica S.p.A. by the auditing firm. There were no services provided by entities belonging to its network.

	Party who provided the service	Payment due in 2014 (in thousands of euros)
Auditing services		
	RECONTA ERNST & YOUNG S.p.A.	103
Declaration of compliance services		
	RECONTA ERNST & YOUNG S.p.A.	5
Other services		
	RECONTA ERNST & YOUNG S.p.A.	6
Total		**114**

The audit includes the auditing of financial statements, the consolidated financial statements, the consolidated half-yearly report as well as the accounting auditing.

The declaration of compliance services refer to the controls carried out on the Unico tax return form, Irap, CNM (domestic consolidation) and the ordinary and simplified 770 forms.

Payments do not include VAT, expense repayments and supervisory contribution. The total amount is 156 thousand euros and it also includes the payments to the absorbed entity Finnat Investments S.p.A. of 3 thousand euros.

Section 11 – Net value adjustments/write-backs on tangible assets – Item 170

11.1 Net value adjustments on tangible assets: breakdown

Assets/Income items	Depreciation (a)	Value adjustment for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Tangible assets	395	–	–	395
A.1 Owned assets	395	–	–	395
- Functional use	395			395
- For investment				–
A.2 Acquired under finance lease	–	–	–	–
- Functional use				–
- For investment				–
Total	**395**	**–**	**–**	**395**

Section 12 – Net value adjustments/write-backs on intangible assets – Item 180

12.1 Net value adjustments on intangible assets: breakdown

Assets/Income items	Depreciation (a)	Value adjustment for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Intangible assets	41	–	–	41
A.1 Owned assets	41	–	–	41
- Generated internally by the company				–
- Other	41			41
A.2 Acquired under finance lease				–
Total	**41**	**–**	**–**	**41**

Section 13 – Other operating income/expenses – Item 190

13.1 Other operating expense: breakdown

	Total FY 2014	Total FY 2013
Amounts reimbursed to customers	25	34
Amortisation for improvements to third party assets	78	75
Losses from assets CO2	86	–
Other expense	2,507	8
Total	**2,696**	**117**

The item Other expense includes the indemnity recognised by the Bank to the subsidiary Investire Immobiliare SGR S.p.A., amounting to 2,489 thousand euros. For additional details, please refer to the comment to the item Other liabilities.

13.2 Other operating income: breakdown

	Total FY 2014	Total FY 2013
Rental income	183	218
Recovery of stamp duty	3,079	1,986
Recovery of substitute tax	408	97
Recovery of other expenses	129	229
Dividend and prescription waiver	78	201
Other income	73	105
Total	**3,950**	**2,836**

The total amounts of recoveries amount respectively to 3,616 thousand euros for the current financial year and 2,312 thousand euros for the previous financial year, as commented for the item Other administrative expenses.

Section 18 – Income tax for the year on current operations – Item 260

18.1 Income tax for the year on current operations: breakdown

Income items/Amounts	Total FY 2014	Total FY 2013
1. Current taxes (-)	(330)	(911)
2. Changes in current taxes compared with previous years (+/-)	(31)	(4)
3. Reduction in current taxes (+)	–	–
3.bis Reduction in current taxes for tax receivables per Italian Law no. 214/2011 (+)	–	–
4. Change in advance taxes (+/-)	(97)	(233)
5. Change in deferred taxes (+/-)	(506)	(471)
6. Income taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(964)**	**(1,619)**

Current taxes come from the difference between the Ires income from tax consolidation of 822 thousand euros and the Irap tax of 1,152 thousand euros.

The change in advance and deferred taxes is equal to the difference between those calculated on an accrual basis in the current year and those accounted for in previous periods and cancelled during the year. The amount of the change in advance and deferred taxes equal to 603 thousand euros refers to Ires for 178 thousand euros and Irap for 425 thousand euros.

18.2 Reconciliation of the theoretical tax charge with the current tax charge

	FY 2014		
	IRES	IRAP	TOTALE
Pre-tax profit (loss)	5,297	5,297	
Applicable tax rate	27.50	5.57	33.07
THEORETICAL TAX CHARGE	**(1,457)**	**(295)**	**(1,752)**
Effect of income that is exempt or taxed with concessional rates	2,505	323	2,828
Effect of charges that are fully or partially non-deductible	(304)	(237)	(541)
Effect of income/charges that are not included in the IRAP taxable income		(957)	(957)
Change in deferred taxes	(101)	(411)	(512)
Changes in current taxes compared with previous years	(25)	(5)	(30)
CURRENT TAX CHARGE	**618**	**(1,582)**	**(964)**

Section 21 – Earnings per share

21.1 Average number of ordinary shares with diluted capital

The basic and diluted earnings (loss) per share are given below, in accordance with IAS 33.

The basic earnings (loss) per share are calculated by dividing the net income (in euros) of the holders of the Bank's ordinary shares (the numerator) by the weighted average of the ordinary shares outstanding during the period (the denominator).

For the purpose of calculating the basic earnings (loss) per share, the weighted average of the ordinary shares outstanding during the period is calculated based on the ordinary shares outstanding at the beginning of the period, adjusted by the amount of ordinary shares purchased or issued or sold during the period multiplied by the number of days that the shares were outstanding, in proportion to the total days in the period. The outstanding shares do not include the own shares.

The diluted earnings (loss) per share is calculated by adjusting the earnings (loss) of ordinary share holders, and likewise the weighted average of the outstanding shares, to take account of any impact by circumstances with diluted effects.

The following table shows the basic earnings (loss) per share.

	31.12.2014	31.12.2013
Profit (loss) for the year	4,332,709	5,135,193
Weighted average of ordinary shares	338,578,935	340,635,519
Basic earnings (loss) per share	0.012797	0.015075

The following table shows the diluted earnings (loss) per share.

	31.12.2014	31.12.2013
Adjusted profit (loss) for the year	4,332,709	5,135,193
Weighted average of ordinary shares for diluted capital	338,578,935	340,635,519
Diluted earnings (loss) per share	0.012797	0.015075

Since the Bank has no transactions under way that might determine changes to the number of outstanding shares and the earnings (loss) of ordinary share holders, the diluted earnings (loss) per share coincides with the basic earnings per share and it is unnecessary to perform the reconciliation provided for by paragraph 70 of IAS 33.

21.2 Other information

At the date of the financial statements, no financial instruments had been issued that could lead to the dilution of the basic earnings (loss) per share.

Part D – Comprehensive income

Analytical statement of comprehensive income

Items	Gross amount	Income tax	Net amount
10. Profit (loss) for the year	**X**	**X**	**4,333**
Other income items without reallocation to income statement			
20. Tangible assets			
30. Intangible assets			
40. Defined-benefit plans	(118)	32	(86)
50. Non-current assets being disposed			
60. Share of valuation reserves of equity investments valued by equity method			
Other income items with reallocation to income statement			
70. Foreign investment hedge:			
a) changes in fair value			
b) reallocation to income statement			
c) other changes			
80. Exchange differences:			
a) changes in value			
b) reallocation to income statement			
c) other changes			
90. Cash flow hedge:			
a) changes in fair value			
b) reallocation to income statement			
c) other changes			
100. Available-for-sale financial assets:	**12,668**	**229**	**12,897**
a) changes in fair value	15,437	270	15,707
b) reallocation to income statement	(2,769)	(41)	(2,810)
- adjustments from impairment	807	(267)	540
- profits/losses from disposal	(3,576)	226	(3,350)
c) other changes	–	–	–
110. Non-current assets being disposed:			
a) changes in fair value			
b) reallocation to income statement			
c) other changes			
120. Share of valuation reserves of equity investments valued by equity method:			
a) changes in fair value			
b) reallocation to income statement			
- adjustments from impairment			
- profits/losses from disposal			
c) other changes			
130. Total other income items	**12,550**	**261**	**12,811**
140. Comprehensive income (Item 10+130)	**12,550**	**261**	**17,144**

Item 100. includes the change in the fair value of the equity investments in subsidiaries for a total gross amount of 4,195 thousand euros.

The positive change of 12,897 thousand euros in Item 100 Available for sale financial assets was due, for:

+ 8,075 thousand euros, to the London Stock Exchange Group plc shares as a result of the reversal of the positive reserve related to the 120,000 shares sold during the year (-2,892 thousand euros) and to the allocation of 10,967 thousand euros consequent to the increase in prices at the end of 2014 compared to those at 31 December 2013;
+ 1,467 thousand euros, to shares of Anima Holding S.p.A. as a result of the positive change of fair value;
+ 540 thousand euros to the units of the FIP Funds due to the reallocation to the income statement of the negative reserves at 31 December 2013 for the impairment adjustments made during the year;
- 180 thousand euros to other shares of funds as a result of the negative change in fair value;
- 1,148 thousand euros to debt securities, as a result of the reversal of the reserve for profits/losses from disposal (-458 thousand euros) and of the negative change in fair value of -690 thousand euros;
+ 4,143 thousand euros to Changes in fair value of the Equity investments in the subsidiaries Investire Immobiliare SGR S.p.A. by +3,617 thousand euro, Finnat Fiduciaria S.p.A., Fedra Fiduciaria and Finnat Gestioni SA by +526 thousand euros (see comment to the item Equity investments).

After the aforesaid changes, the valuation reserves at the end of the year are as follows, in thousand euros:

Available-for-sale financial assets		
London Stock Exchange Group plc shares	25,205	euros
Anima Holding S.p.A. shares	1,466	euros
Other shares	3	euros
UCI units	450	euros
Debt securities	1,755	euros
Total A)	**28,879**	**euros**
Equity investments in companies measured at fair value		
Investire Immobiliare SGR S.p.A.	44,900	euros
Finnat Fiduciaria S.p.A.	74	euros
Fedra Fiduciaria S.p.A.	-35	euros
Finnat Gestioni S.A.	2,083	euros
Total B)	**47,022**	**euros**
Total (A+B)	**75,901**	**euros**

Part E - Risk information and related hedging policies

Section 1 - Credit risk

Qualitative information

1. General aspects

2. Credit risk mitigation techniques

2.1 Organisational aspects

The Bank defined the credit risk as the risk to incur losses due to the unexpected worsening of the creditworthiness of a customer, also following contractual default.

Receivables include:

- receivables due from customers and from banks that required fixed or otherwise determinable payments
- trade receivables
- repurchase agreements.

After their initial recognition, which matches the amount recorded at the time of issue, receivables are measured at their amortised cost, which is equal to the initial recognition value reduced/increased by capital repayments, by any value adjustment/write-back and by the amortisation calculated with the effective interest rate method.

In order to mitigate credit risk and avoid situations that would imply losses and write-downs on the loan portfolio, the Bank carries out credit activities that privilege receivables guaranteed by collateral securities or those guaranteed by liens on securities, asset management and property mortgages. Well-known customers are occasionally granted credit lines based on the creditworthiness of the customer in question.

Moreover, the company structure and organisation – which are characterised by the reduced size and accurate formalisation of credit line/loan disbursement procedures – enable to offer customers primary services, granted with rapid appraisal processes.

The operating strategy adopted by the Bank and outlined above ensured that:

- transactions carried out have low-risk exposures;
- non-performing loans due from customers represent 1.6% of the total shown in table “A.1.1 Distribution of financial assets by portfolio and credit quality” in the following pages. The non-performing loans are mainly made up by receivables secured by ample first mortgages on property;
- operations generated a positive image and prestige feedback for the Bank and the Group, with a positive impact on “traditional” activities.

2.2 Management, measurement and control systems

The valuation of credit risk and creditworthiness of customers is carried out by delegated bodies, which operate by means of proper proxies. The delegated bodies receive all information necessary to evaluate the creditworthiness of the customers, so that they can readily express their opinion on credit line transactions.

The Bank's credit process is illustrated below.

Evaluation of the creditworthiness of credit line applicants

Creditworthiness evaluation, which is performed according to a specific procedure, is mainly aimed at verifying that credit line applicants have the ability to repay as well as verifying the compatibility of the individual credit line applications and the company's strategies with regard to the chosen size and composition of the credit portfolio. During the financial year ended 31 December 2014, the Bank did not acquire impaired loans from third parties.

The company functions that are involved in the creditworthiness assessment procedure act as follows:

- they accept the loan application of customers;
- they gather the documents required to examine the asset, financial and economic situation of the loan applicant and any guarantor to start filling in all the credit line forms;
- they analyse the qualitative information concerning the new customers and update the information of former customers whose creditworthiness has already been assessed;
- they verify the reliability of the data included in the document and in the information required;
- they formulate, by reference to the files set up, a creditworthiness score of the loan applicant;
- they examine all the various relationships that the Bank has in place with the same loan applicant, both credit and debit ones, and compare loans granted with guarantees offered and guarantees received with proposed guarantors;
- they prepare a summary of the assessments based on the creditworthiness of the customer and formulate an opinion with regard to the amount of the loan that could be granted, the technical use of the loan by the customer, and specify the guarantees to be received based on both qualitative and quantitative information.

Credit granting

Credit granting is performed by the Deliberative Body, taking all the reasons supporting the definition of the amount that could be granted and the guarantees requested into due consideration, based on the risk inherent in the transaction.

Once the loan proposal has been positively resolved upon:

- the guarantees are requested and the loan granting process takes place;
- the credit line/loan is granted;
- the transaction is input in the IT system so that it can be regularly verified: instalments due, review of the interest rate, if contractually provided for, and/or of the associated guarantees.

Management of anomalous loans

The management of anomalous loans is carried out through a careful and periodic analysis of expired positions by the company functions and with the supervision of the General Management. In particular, the General Management of the Bank receives, at a predetermined frequency, appropriate reports containing the trend of impaired loans, broken down by customer with or without loans.

"Impaired" loans, net of write-downs, amounted in total to 7,591 thousand euros, of which 4,482 thousand euros were non-performing loans, 2,940 thousand euros were subjective and objective impaired loans and 169 thousand euros were past due exposures.

To this end, it should be stressed that impaired loans at the end of 2014 were equal to 2.7% of the total amount of the item due from customers detailed in table A.1.1 Distribution of financial assets by portfolio and credit quality below.

During the year ended 31 December 2014, valuation activities continued to be carried out on the Bank's loans portfolio by the internal working group which, in accordance with the principle of proportionality and with limited operational complexity, is assessing the implementation of more refined credit evaluation techniques to supplement those traditionally used by the Bank.

Carrying out stress tests

The Bank performs stress tests every six months on credit risk in order to quantify the absorption of capital and to determine the related capital ratios. Stress tests are carried out on the basis of decline rates present in the Bank of Italy's Public Database, assuming as worst case scenario the one present in the last decade. Despite the presence of the stress scenario above, it is clear how the equity strength of the Bank is not significantly affected.

2.3 Credit risk mitigation techniques

Credit risk mitigation is carried out by privileging almost exclusively transactions guaranteed by collateral securities. Credit lines and disbursements are granted, by the corporate bodies, only after a careful analysis of the creditworthiness and the validity and consistency of the guarantees given. Preventive analyses are implemented by controls subsequent to disbursement, which are carried out to monitor the change in the creditworthiness of customers. Having taken into account the structure of the controls carried out by the Bank for loan hedging and the empirical evidence, it should be underlined that the Bank's credit risk can be rated as "modest".

2.4 Impaired financial assets

The monitoring of receivables to customers carried out by the Risk Control Organisation Unit, which, with the support of automated IT instruments, prepares on an established basis appropriate reports for the Senior Management. Subsequent measurement and classification of impaired loans are carried out by special committees set up within the Bank, which assess each time single credit exposures, the customers' creditworthiness, guarantees and all other relevant factors that may affect the assessment of credit exposures.

* * *

Quantitative information

Credit quality

A.1 Impaired and performing exposures: balances, value adjustments, changes, breakdown by type and geographical area

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

Portfolio/Quality	Non-performing loans	Impaired loans	Restructured loans	Past due exposures impaired	Past due exposures not impaired	Other assets	Total
1. Financial assets held for trading	–	–	–	–	–	99,614	99,614
2. Available-for-sale financial assets	–	–	–	–	–	709,249	709,249
3. Financial assets held to maturity	–	–	–	–	–	2,319	2,319
4. Due from banks	–	–	–	–	–	74,539	74,539
5. Due from customers	4,482	2,940	–	169	14,849	261,658	284,098
6. Financial assets carried at fair value	–	–	–	–		–	–
7. Financial assets being disposed	–	–	–	–		–	–
8. Hedging derivatives	–	–	–	–		–	–
Total 2014	**4,482**	**2,940**	**–**	**169**	**14,849**	**1,147,379**	**1,169,819**
Total 2013	**5,549**	**3,112**	**–**	**2,206**	**54,449**	**919,861**	**985,177**

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

Portfolio/Quality	Impaired assets			Performing			Total
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	(Net exposure)
1. Financial assets held for trading	–	–	–	X	X	99,614	99,614
2. Available-for-sale financial assets	–	–	–	709,249	–	709,249	709,249
3. Financial assets held to maturity	–	–	–	2,319	–	2,319	2,319
4. Due from banks	–	–	–	74,539	–	74,539	74,539
5. Due from customers	10,945	(3,354)	7,591	278,369	(1,862)	276,507	284,098
6. Financial assets carried at fair value	–	–	–	X	X	–	–
7. Financial assets being disposed	–	–	–	–	–	–	–
8. Hedging derivatives	–		–	X	X	–	–
Total 2014	**10,945**	**(3,354)**	**7,591**	**1,064,476**	**(1,862)**	**1,162,228**	**1,169,819**
Total 2013	**12,885**	**(2,018)**	**10,867**	**857,221**	**(1,867)**	**974,310**	**985,177**

Gross impaired assets of 10,945 thousand euros consist of non-performing loans (7,123 thousand euros), impaired loans (3,652 thousand euros) and past due receivables (170 thousand euros).

Other assets include renegotiated performing loans granted by the Bank to 3 customers in financial hardship for a total amount of 1,007 thousand euros and there are no exposures subject to renegotiation within collective agreements.

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

Type of exposures/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Cash exposures				
a) Non-performing loans	–	–	X	–
b) Impaired loans	–	–	X	–
c) Restructured exposures	–	–	X	–
d) Past due exposures impaired	–	–	X	–
e) Other assets	91,433	X	(26)	91,407
Total A	**91,433**	**–**	**(26)**	**91,407**
B. Off-balance sheet exposures				
a) Impaired	–	–	X	–
b) Other	877	X	–	877
Total B	**877**	**–**	**–**	**877**
TOTAL A + B	**92,310**	**–**	**(26)**	**92,284**

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

Type of exposures/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Cash exposures				
a) Non-performing loans	7,123	(2,641)	X	4,482
b) Impaired loans	3,652	(712)	X	2,940
c) Restructured exposures	–	–	X	–
d) Past due exposures impaired	170	(1)	X	169
e) Other assets	1,072,615	X	(1,794)	1,070,821
Total A	**1,083,560**	**(3,354)**	**(1,794)**	**1,078,412**
B. Off-balance sheet exposures				
a) Impaired	–	–	X	–
b) Other	36,113	X	3	36,116
Total B	**36,113**	**–**	**3**	**36,116**
TOTAL A+B	**1,119,673**	**(3,354)**	**(1,791)**	**1,114,528**

A.1.7 Credit cash exposures to customers: changes in gross impaired exposures

Reason/Category	Non-performing loans	Impaired loans	Restructured loans	Past due loans
A. Gross opening balance	**7,123**	**3,556**	**–**	**2,206**
- of which: exposures sold and not derecognised				
B. Increases	**–**	**268**	**–**	**163**
B.1 inflows from performing loans		186	–	163
B.2 transfers from other categories of impaired loans		21		
B.3 other increases		61		
C. Decreases	**–**	**172**	**–**	**2,199**
C.1 outflows to performing loans		59		2,004
C.2 derecognition				
C.3 collection		112		174
C.4 gains from disposals				
C.4.bis losses from disposals				
C.5 transfers to other categories of impaired loans		1		21
C.6 other decreases				
D. Gross closing balance	**7,123**	**3,652**	**–**	**170**
- of which: exposures sold and not derecognised				

A.1.8 Credit cash exposures to customers: changes in overall value adjustments

Reason/Category	Non-performing loans	Impaired loans	Restructured loans	Past due loans
A. Total opening adjustments	**1,574**	**448**	**–**	**–**
- of which: exposures sold and not derecognised				
B. Increases	**1,067**	**291**	**–**	**1**
B.1 value adjustments	1,067	291		1
B.1.bis loss from disposal				
B.2 transfers from other categories of impaired loans				
B.3 other increases				
C. Decreases	**–**	**27**	**–**	**–**
C.1 valuation write-backs				
C.2 cash write-backs		27		
C.2 bis profit from disposal				
C.3 derecognition				
C.4 transfers to other categories of impaired loans				
C.5 other decreases	–	–		
D. Total closing adjustments	**2,641**	**712**	**–**	**1**
- of which: exposures sold and not derecognised				

A.2 Classification of exposures based on external and internal ratings

A.2.1 Distribution of on- and off-balance sheet exposures by external rating class

Considering the Bank's customer base, there are no ordinary customers that are assessed through "external ratings" with significant credit lines. Conversely, the majority of the exposures towards banks is assessed through "external ratings".

A.2.2 Distribution of on- and off-balance sheet exposures by internal rating class

The table in question is not filled out as, to date, also having regard to the specific type of credit lines granted, the Bank does not use credit risk measurement models in a complete and systematic manner, according to which a rating is given to counterparties.

A.3. Distribution of guaranteed exposures by type of guarantee

A.3.2 Exposures to guaranteed customers

	Total 31.12.2014
Guaranteed due from customers	**234,293**
a) by mortgage loans	*127,624*
b) by pledges on:	*104,364*
1. Cash deposits	19,725
2. Securities	84,639
3. Other values	–
c) by guarantees from:	*2,305*
1. Countries	–
2. Other public authorities	–
3. Banks	–
4. Other entities	2,305

B. Distribution and concentration of credit exposures

B.1 Segment distribution of cash and "off-balance sheet" credit exposures to customers (book value)

Exposures/Counterparties	Governments			Other public authorities		
	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments
A. Cash exposures						
A.1 Non-performing loans	–	–	X	–	–	X
A.2 Impaired loans	–	–	X	–	–	X
A.3 Restructured exposures	–	–	X	–	–	X
A.4 Past due exposures	–	–	X	–	–	X
A.5 Other exposures	89,105	X	(94)	8	X	–
TOTAL A	**89,105**	**–**	**(94)**	**8**	**–**	**–**
B. Off-balance sheet exposures						
B.1 Non-performing loans	–	–	X	–	–	X
B.2 Impaired loans	–	–	X	–	–	X
B.3 Other impaired assets	–	–	X	–	–	X
B.4 Other exposures	–	X	–	–	X	–
TOTAL B	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL (A + B) 2014	**89,105**	**–**	**(94)**	**8**	**–**	**–**
TOTAL (A + B) 2013	**115,119**		**(2,106)**		**–**	**–**

	Financial companies			Insurance company			Non-financial companies			Other entities		
	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments
	916	(101)	X	–	–	X	3,566	(2,540)	X	–	–	X
	3	(82)	X	–	–	X	2,937	(630)	X	–		X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	170	(1)	X	–	–	X
	27,651	X	163	–	X	–	869,864	X	(1,641)	84,192	X	(153)
	28,570	**(183)**	**163**	**–**	**–**	**–**	**876,537**	**(3,171)**	**(1,641)**	**84,192**	**–**	**(153)**
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	–	X	–	–	X
	23,264	X	–	–	X	–	6,217	X	–	6,635	X	3
	23,264	**–**	**–**	**–**	**–**	**–**	**6,217**	**–**	**–**	**6,635**	**–**	**3**
	51,834	**(183)**	**163**	**–**	**–**	**–**	**882,754**	**(3,171)**	**(1,641)**	**90,827**	**–**	**(150)**
	40,073	**(556)**	**133**	**–**	**–**	**–**	**636,794**	**(1,462)**	**(1,591)**	**76,446**	**–**	**(298)**

B.2 Geographical distribution of cash and "off-balance sheet" credit exposures to customers (book value)

Exposures/Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. Cash exposures										
A.1 Non-performing loans	4,482	(2,641)	–	–	–	–	–	–	–	–
A.2 Impaired loans	2,940	(712)	–	–	–	–	–	–	–	–
A.3 Restructured exposures	–	–	–	–	–	–	–	–	–	–
A.4 Past due exposures	169	(1)	–	–	–	–	–	–	–	–
A.5 Other exposures	1,060,103	(1,794)	10,718	–	–	–	–	–	–	–
TOTAL	**1,067,694**	**(5,148)**	**10,718**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B. Off-balance sheet exposures										
B.1 Non-performing loans	–	–	–	–	–	–	–	–	–	–
B.2 Impaired loans	–	–	–	–	–	–	–	–	–	–
B.3 Other impaired assets	–	–	–	–	–	–	–	–	–	–
B.4 Other exposures	35,052	3	1,064	–	–	–	–	–	–	–
TOTAL	**35,052**	**3**	**1,064**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL 2014	**1,102,746**	**(5,145)**	**11,782**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL 2013	**857,026**	**(5,880)**	**11,426**	**–**	**–**	**–**	**–**	**–**		**–**

B.3 Geographical distribution of cash and "off-balance sheet" loan exposures to banks (book value)

Exposures/Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. Cash exposures										
A.1 Non-performing loans	–	–	–	–	–	–	–	–	–	–
A.2 Impaired loans	–	–	–	–	–	–	–	–	–	–
A.3 Restructured exposures	–	–	–	–	–	–	–	–	–	–
A.4 Past due exposures	–	–	–	–	–	–	–	–	–	–
A.5 Other exposures	85,576	(26)	5,831	–	–	–	–	–	–	–
TOTAL	**85,576**	**(26)**	**5,831**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B. Off-balance sheet exposures										
B.1 Non-performing loans	–	–	–	–	–	–	–	–	–	–
B.2 Impaired loans	–	–	–	–	–	–	–	–	–	–
B.3 Other impaired assets	–	–	–	–	–	–	–	–	–	–
B.4 Other exposures	868	–	9	–	–	–	–	–	–	–
TOTAL	**868**	**–**	**9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL 2014	**86,444**	**(26)**	**5,840**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL 2013	**94,194**	**(18)**	**6,979**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

B.4 Major exposures

a) Amount (book value) 1,762,123 thousand euros

b) Amount (weighted value) 124,343 thousand euros

c) Number 12

The provisions contained in Regulation (EU) no. 575/2013 establish that a major exposure is the exposure of an entity towards a customer or a group of connected customers whose value is equal to or greater than 10% of the entity's admissible capital.

The same provisions that the amount of the exposure of an entity towards an individual customer or a group of connected customers may not exceed 25% of the entity's admissible capital. Obviously, the amount of 25% takes into account credit risk attenuation techniques, the type of guarantee acquired and the debtor counterparty.

The corporate control functions, at a predetermined frequency, audit the total exposure of the customers or groups of connected customers that fall under the category of major exposures and provide adequate information to the Corporate Bodies.

C. Securitisation and sale of asset transactions

C.1 Securitisation transaction

The Bank has not carried out any securitisation transaction. At the balance sheet date, no such transactions were in place.

C.2 Disposal of companies

A. Financial assets sold and not derecognised in full

Qualitative information

Financial assets sold and not derecognised in full refer Government Bonds used in repos carried out exclusively with Cassa di Compensazione e Garanzia.

Quantitative information

C.2.1 Financial assets sold and not derecognised: book value and full value

Categories/Portfolio	Financial assets held for trading			Financial assets carried at fair value			Available-for-sale financial assets		
	A	B	C	A	B	C	A	B	C
A. Cash assets	–	–	–	–	–	–	602,540	–	–
1. Debt securities	–						602,540		
2. Equity securities									
3. UCI									
4. Loans									
B. Derivatives				X	X	X	X	X	X
Total 31.12.2014	–	–	–	–	–	–	602,540	–	–
of which impaired									
Total 31.12.2013	5,000						381,706		
of which impaired									

Key:
A = financial assets sold recognised in full (book value)
B = financial assets sold recognised in part (book value)
C = financial assets sold recognised in part (full value)

Financial assets held to maturity			Due from banks			Due from customers			Total	
A	B	C	A	B	C	A	B	C	31.12.2014	31.12.2013
									602,540	**386,706**
									602,540	386,706
X	X	X	X	X	X	X	X	X		
X	X	X	X	X	X	X	X	X		
X	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**		
–	–	–	–	–	–	–	–	–	**602,540**	**X**
										X
									X	**386,706**
									X	

C.2.2 Financial liabilities for assets sold and not derecognised: book value

Liabilities/ Asset portfolio	Financial assets held for trading	Financial assets carried at fair value	Available-for-sale financial assets	Financial assets held to maturity	Due from banks	Due from customers	Total
1. Due to customers	–	–	**600,968**				**600,968**
a) relating to fully recognised assets			600,968				600,968
b) relating to partially recognised assets							
2. Due to banks							
a) relating to fully recognised assets							
b) relating to partially recognised assets							
Total 31.12.2014	–	–	**600,968**	–	–	–	**600,968**
Total 31.12.2013	**4,999**		**380,813**				**385,812**

D. Credit risk measurement models

In order to assess the Credit Risk, the Bank uses a standardised method for the quantification of internal capital in compliance with the guidelines set out in the budgeting and multi-year planning process.

In compliance with the supervisory provisions, the method adopted by the Bank to quantify internal capital enables to use collateral (pledge and mortgage) and personal guarantees as a form of credit risk mitigation. The bank prefers the acquisition of collateral characterised by high liquidity (listed financial instruments) and low price volatility (Sovereign debt Securities).

With a view to verifying the suitability of the internal capital, also in the event of adverse outlooks linked to the negative trend of loans, the Bank carries out stress testing during ICAAP reporting on the credit risk. To carry out these tests, reference is made to the statistics given in the public information of the Bank of Italy, in view of the limited historical series in the Bank's possession, which has only made investments in this area for the last few years.

Section 2 - Market risk

2.1 Interest rate risk and price risk – Regulatory trading portfolio

Qualitative information

A. General aspects

The Bank defined the market risk as the risk of an unfavourable change in the value of a position in financial instruments – included in the trading portfolio for regulatory purposes – due to the adverse performance of interest, exchange and inflation rates, volatility, share prices, credit spreads, price of goods (generic risk) and creditworthiness of the issuer (specific risk).

B. Management processes and measurement methods for the interest rate risk and the price risk

Interest rate risk

The “trading portfolio” – as defined in the supervisory regulations – includes all financial instruments subject to capital requirements for market risks.

The trading portfolio includes:

- debt securities;
- shares;
- UCI units;
- derivatives held for trading.

Most of the debt securities in the portfolio at 31 December 2014 consist of government bonds whose overall duration is short. Share investments mainly refer to securities listed on the Italian Stock Exchange, with high liquidity. The portfolio instruments are denominated in euro.

The Managing Director and the General Management of the Bank provide strategic guidelines on market risk acceptance with regard to the purchase and dealing in trading securities.

With regard to the interest rate risk, the Bank monitors the changes in market rates and prepares a proper report that is sent to the Management.

Price risk

Price risk is the risk of capital losses on listed financial assets or assets that are similar to listed instruments due to fluctuations in the price of securities or to factors attributable to the peculiar situation of the issuer. The Bank adopted special internal regulations that govern and limit the risk assumption with regard to some types of financial instruments and allow the continuous monitoring of the main risk indicators (VAR – Expected Shortfall – Volatility etc.)

In addition, limits were identified and prescribed in stress conditions, considering simultaneous shocks on the credit risk - spread increases and stock price contraction.

The method adopted to calculate VaR is historical; the bank uses a holding period of 2 years, a confidence interval of 99% and a daily time horizon for the quantification of the expected risk.

The trading portfolio is mainly represented by Government debt securities. As a result, price risk is associated with the specific situation of the issuer.
With regard to the share capital securities portfolio, it should be underlined that it almost exclusively includes listed shares with a high degree of liquidity.

Lastly, with reference to market risk management, it should be specified that transactions with similar characteristics in terms complexity, type of issuer or risk are screened by the Managing Director and by the General Management, which performs a specific evaluation also with regard to the risk profiles associated with them.

Quantitative information

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Euro

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**91,858**	**119**	**–**	**7,633**	**3**	**1**	**–**
1.1 Debt securities	–	91,858	119	–	7,633	3	1	–
- with the option of early redemption								
- other		91,858	119		7,633	3	1	
1.2 Other assets								
2. Cash liabilities	**–**	**130,328**	**160,104**	**270,806**	**39,730**	**–**	**–**	**–**
2.1 Reverse repos		130,328	160,104	270,806	39,730			
2.2 Other liabilities								
3. Financial derivatives		**67,685**	**44,868**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security		–	–	–	–	–	–	–
- Options		–						
+ Long positions		–						
+ Short positions		–						
- Other derivatives		–	–	–	–	–	–	–
+ Long positions		–	–	–	–	–	–	
+ Short positions		–	–	–	–	–	–	
3.2 Without underlying security		67,685	44,868	–	–	–	–	–
- Options								
+ Long positions								
+ Short positions								
- Other derivatives		67,685	44,868	–	–	–	–	–
+ Long positions		50,220	22,434	–	–	–	–	–
+ Short positions		17,465	22,434	–	–	–	–	–

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Pound sterling

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**38,039**	**7,292**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	4,967	–	–	–	–	–	–
- Options	–	4,967	–	–	–	–	–	–
+ Long positions	–	2,376	–	–	–	–	–	–
+ Short positions	–	2,591	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	33,072	7,292	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	33,072	7,292	–	–	–	–	–
+ Long positions	–	616	3,646	–	–	–	–	–
+ Short positions	–	32,456	3,646	–	–	–	–	–

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: US Dollars

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**30,310**	**35,912**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	30,310	35,912	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	30,310	35,912	–	–	–	–	–
+ Long positions	–	15,155	17,956	–	–	–	–	–
+ Short positions	–	15,155	17,956	–	–	–	–	–

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Yen

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**3,388**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	3,388	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	3,388	–	–	–	–	–	–
+ Long positions	–	1,694	–	–	–	–	–	–
+ Short positions	–	1,694	–	–	–	–	–	–

1. Regulatory trading portfolio: distribution of financial assets and liabilities for cash and financial derivatives by residual duration (repricing date)

Currency: Swiss francs

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–	–	–	–	–	–	–	–
- other	–	–	–	–	–	–	–	–
1.2 Other assets	–	–	–	–	–	–	–	–
2. Cash liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Reverse repos	–	–	–	–	–	–	–	–
2.2 Other liabilities	–	–	–	–	–	–	–	–
3. Financial derivatives	**–**	**915**	**1,664**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
3.2 Without underlying security	–	915	1,664	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–
- Other derivatives	–	915	1,664	–	–	–	–	–
+ Long positions	–	–	832	–	–	–	–	–
+ Short positions	–	915	832	–	–	–	–	–

2. Regulatory trading portfolio: distribution of exposures in equity securities and stock indices in the main countries of the market.

Transaction type/Listing index	Listed						Unlisted
	Italy	United States of America	United Kingdom	Japan	Germany	Other	
A. Equity securities							
- Long positions	1,494	1	–		–	99	–
- Short positions	–	–	–	–	–	–	–
B. Sales not yet settled on equity securities							
- Long positions	37	–	–	–	–	6	–
- Short positions	45	–	–	–	–	8	
C. Other derivatives on equity securities							
- Long positions	20	4	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–
D. Derivatives on stock indices							
- Long positions			–	–	–	–	–
- Short positions	–	–	–	–	–	–	–

2.2 Interest rate risk and price risk – Banking portfolio

Qualitative information

A. General aspects, management processes and measurement methods for interest rate risk and price risk

Interest rate risk

The interest rate risk for the banking book is defined as the current and prospective risk of profit/capital volatility due to unfavourable fluctuations in interest rates. From the definition of the interest rate risk, it is readily apparent that said risk is generated by the imbalances deriving from core business activities as a consequence of the difference in maturity and in the periods of redefinition of the interest rate conditions of assets and liabilities. The Bank's policy for managing the interest rate risk on the banking book is directed at stabilising the interest margin on the banking book.

The internal structures of the Bank monitor on a regular basis and provide adequate reporting of the interest rate risk on the banking book to the Senior Management and to the Board of Directors of the Bank. Stress tests are also carried out on a regular basis on the interest rate risk of the Repricing Gap and Duration Gap banking book portfolio. The operating limits to risk assumption were defined by the Board of Directors of the Bank and are reviewed by it on a regular basis.

The banking book comprises financial instruments (assets and liabilities) that are not in the trading portfolio. It is mainly made up of due to/from banks and customers.

As regards the banking book, attention is drawn to the following aspects concerning interest rate risk:

- due from banks and due from customers include:
  - loans to banks, totalling 75 million euros, of which 66 million euro in deposits to banks, mainly with variable rate; 4 million euros in compulsory variable rate reserve; and 5 million euros in fixed-rate loans with maturity within February;
  - loans to customers, totalling 284 million euros, mainly consisting of current account overdrafts of 99 million euros and loans to customers of 150 million euros, all with variable rate with the exception of one significant fixed-rate loan managerially hedged by an Interest Rate swap.

- available-for-sale securities include only (in addition to equity securities and UCI units not exposed to interest rate risk) bonds including Government Bonds totalling a nominal value of 700 million euros (660 million euros with maturity within 2015);

- securities held to maturity (which were reclassified in 2008 from the HFT category) only include variable-rate bonds listed in regulated markets, for a total face value of 2.4 million euros;

- due to banks and due to customers include:
  - loans and deposits to banks totalling 97 million euros, comprising 94 million euros of variable-rate Long Term Refinancing Operation (LTRO) of ECB with maturity within February 2015;

  - loans, fixed-term deposits and current accounts with customers, totalling 946 million euros, comprising: 40 million euros in fixed-rate loans, of which 29 million euros with maturity in 2015, 9 million euros in 2016 and 2 million euros in 2017; 305 million euros in current accounts at variable rate or at revisable fixed rate; 601 million euros in repos on securities listed in regulated markets;

- among outstanding securities totalling 49 million euros are variable-rate debenture loans (Euribor plus 30 b.p.) with maturity in March 2015, April 2016 and November 2017.

Given the above, it may be concluded that the interest rate risk is low.

Price risk

Price risk is the risk of capital losses on listed financial assets or assets that are similar to listed instruments due to fluctuations in the price of securities or to factors attributable to the peculiar situation of the issuer.

The Bank adopted special internal regulations that govern and limit the risk assumption with regard to some types of financial instruments and allow the continuous monitoring of the main risk indicators (VAR – Expected Shortfall – Volatility etc.)

Quantitative information

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Euro

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**327,524**	**140,950**	**191,706**	**342,162**	**49,045**	**434**	**234**	**–**
1.1 Debt securities	–	133,912	191,194	341,604	44,858	–	–	–
- with the option of early redemption	–	2,668						
- other	–	131,244	191,194	341,604	44,858			
1.2 Loans to banks	52,108	5,000						
1.3. Loans to customers	275,416	2,038	512	558	4,187	434	234	–
- current accounts	98,258	–						
- other loans	177,158	2,038	512	558	4,187	434	234	
- with the option of early redemption	153,522	33	512	558	4,187	434	234	
- other	23,636	2,005						
2. Cash liabilities	**427,151**	**155,076**	**179,892**	**277,507**	**36,227**	**–**	**–**	**–**
2.1 Due to customers	330,374	132,299	179,892	277,507	10,346	–	–	–
- current accounts	289,827	2,320	20,050	6,754	10,346			
- other payables	40,547	129,979	159,842	270,753				
- with the option of early redemption								
- other	40,547	129,979	159,842	270,753				
2.2. Due to banks	96,777	–	–	–	–	–	–	–
- current accounts	1,418							
- other payables	95,359							
2.3 Debt securities	–	22,777	–	–	25,881			
- with the option of early redemption	–							
- other	–	22,777	–		25,881			
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	
+ Long positions		–			–	–	–	
+ Short positions		–	–	–				
- Other		–	–	–	–	–	–	–
+ Long positions			–	–				
+ Short positions				–		–		
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Pound Sterling

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**2,992**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	2,598							
1.3 Loans to customers	394	–	–	–	–	–	–	–
- current accounts	394							
- other loans	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2. Cash liabilities	**1,848**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	1,614	–	–	–	–	–	–	–
- current accounts	1,614							
- other payables	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.2 Due to banks	234	–	–	–	–	–	–	–
- current accounts	234							
- other payables	–							
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions	–		–		–	–	–	–
+ Short positions	–		–		–	–	–	–

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: US Dollar

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**13,276**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	12,952							
1.3 Loans to customers	324	–	–	–	–	–	–	–
- current accounts	324							
- other loans	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2. Cash liabilities	**13,409**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	13,386	–	–	–	–	–	–	–
- current accounts	13,386							
- other payables	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.2 Due to banks	23	–	–	–	–	–	–	–
- current accounts	23							
- other payables	–							
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions	–		–		–	–	–	–
+ Short positions	–		–		–	–	–	–

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Japanese Yen

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**49**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	49							
1.3 Loans to customers	–	–	–	–	–	–	–	–
- current accounts	–							
- other loans	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2. Cash liabilities	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	2	–	–	–	–	–	–	–
- current accounts	2							
- other payables	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.2 Due to banks	–	–	–	–	–	–	–	–
- current accounts	–							
- other payables	–							
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions	–		–	–	–	–	–	–
+ Short positions	–		–	–	–	–	–	–

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Swiss franc

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**636**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
1.2 Loans to banks	636							
1.3 Loans to customers	–	–	–	–	–	–	–	–
- current accounts	–							
- other loans	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2. Cash liabilities	**140**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	140	–	–	–	–	–	–	–
- current accounts	140							
- other payables	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.2 Due to banks	–	–	–	–	–	–	–	–
- current accounts								
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Canadian dollar

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**211**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	211							
1.3 Loans to customers	–	–	–	–	–	–	–	–
- current accounts								
- other loans	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2. Cash liabilities	**140**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	–	–	–	–	–	–	–	–
- current accounts	–							
- other payables	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.2 Due to banks	140	–	–	–	–	–	–	–
- current accounts	140							
- other payables	–							
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
- Other	–	–	–	–	–	–	–	–
+ Long positions	–							
+ Short positions	–							
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions	–	–	–	–	–	–	–	–
+ Short positions	–	–	–	–	–	–	–	–

1. Banking portfolio: distribution of financial assets and liabilities by residual duration (repricing date)

Currency: Residual currency

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	More than 10 years	Undated
1. Cash assets	**986**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1.1 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption	–							
- other	–							
1.2 Loans to banks	985							
1.3 Loans to customers	1	–	–	–	–	–	–	–
- current accounts	1							
- other loans	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2. Cash liabilities	**194**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Due to customers	174	–	–	–	–	–	–	–
- current accounts	174							
- other payables	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.2 Due to banks	20	–	–	–	–	–	–	–
- current accounts	20							
- other payables								
2.3 Debt securities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
2.4 Other liabilities	–	–	–	–	–	–	–	–
- with the option of early redemption								
- other								
3. Financial derivatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
3.1 With underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
3.2 Without underlying security	–	–	–	–	–	–	–	–
- Options	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
- Other	–	–	–	–	–	–	–	–
+ Long positions								
+ Short positions								
4. Other off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
+ Long positions								
+ Short positions								

2.3 Exchange rate risk

Qualitative information

A. General aspects, management processes and measurement methods for exchange rate risk
Exchange rate risk management is the responsibility of the General Management and the Finance Department carries out trading, hedging and brokering activities within specific operating limits (amounts) with regard to both financial assets and liabilities denominated in foreign currencies in its own account or on behalf of customers.

Generally, the exposure to exchange rate risk is quite low and limited to temporary misalignments in opposite sign positions; The Bank keeps this risk to a minimum by monitoring the treasury exposure due to the time mismatching between asset and liability items. The exchange rate risk arising from the ownership of London Stock Exchange Group plc shares was completely cancelled by the complete "management" hedging carried out through sales transactions of Sterling against Euro.

Quantitative information

1. Distribution by currency of assets, liabilities and derivatives

Items	Currencies					
	US Dollars	Pound sterling	Yen	Canadian dollars	Swiss francs	Other currencies
A. Financial assets	**13,276**	**35,784**	**49**	**211**	**636**	**986**
A.1 Debt securities	–	–	–	–	–	–
A.2 Equity securities	–	32,792	–	–	–	–
A.3 Loans to banks	12,952	2,598	49	211	636	985
A.4 Loans to customers	324	394	–	–	–	1
A.5 Other financial assets	–	–	–	–	–	–
B. Other assets	**12**	**24**	**–**	**1**	**2**	**–**
C. Financial liabilities	**13,409**	**1,848**	**2**	**140**	**140**	**194**
C.1 Due to banks	23	234	–	140		20
C.2 Due to customers	13,386	1,614	2	–	140	174
C.3 Debt securities	–	–	–	–	–	–
C.4 Other financial liabilities	–	–	–	–	–	–
D Other liabilities	**–**	**–**	**–**	**–**	**–**	**–**
E. Financial derivatives	**66,222**	**45,331**	**3,388**	**–**	**2,579**	**–**
- Options	–	4,967	–	–	–	–
+ Long positions	–	2,376	–	–	–	–
+ Short positions	–	2,591	–	–	–	–
- Other	66,222	40,364	3,388	–	2,579	–
+ Long positions	33,111	4,262	1,694	–	832	–
+ Short positions	33,111	36,102	1,694	–	1,747	–
Total assets	**46,399**	**42,446**	**1,743**	**212**	**1,470**	**986**
Total liabilities	**46,520**	**40,541**	**1,696**	**140**	**1,887**	**194**
Imbalance (+/-)	**(121)**	**1,905**	**47**	**72**	**(417)**	**792**

2.4 Derivative instruments

A. Financial derivatives

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

Underlying assets/Type of derivatives	Total 31.12.2014		Total 31.12.2013	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**3,844**	**–**	**(5,292)**	**–**
a) Options				
b) Swaps	3,844		(5,292)	
c) Forwards				
d) Futures				–
e) Other				
2. Share capital securities and stock indices	**4,966**	**317**	**–**	**–**
a) Options	4,966	317		
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
3. Currencies and gold	**112,552**	**–**	**(67,737)**	**–**
a) Options				
b) Swaps				
c) Forwards	112,552		(67,737)	
d) Futures				
e) Other				
4. Goods				
5. Other underlying assets				
Total	**121,362**	**317**	**(73,029)**	**–**
Average values				

A.3 Financial derivatives: gross positive fair value - breakdown by product

Derivative types/Portfolios	Positive fair value			
	Total 31.12.2014		Total 31.12.2013	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio	**833**	**24**	**–**	**–**
a) Options	1	24		
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards	832			
f) Futures				
g) Others				
B. Banking portfolio - hedging	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Others				
C. Banking portfolio - other derivatives	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Others				
Total	**833**	**24**	**–**	**–**

A.4 Financial derivatives: gross negative fair value - breakdown by product

Derivative types/Portfolios	Negative fair value			
	Total 31.12.2014		Total 31.12.2013	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio	**2,357**	**–**	**381**	**–**
a) Options	514			
b) Interest rate swaps	277		299	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards	1,566		82	
f) Futures				
g) Others				
B. Banking portfolio - hedging	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Others				
C. Banking portfolio - other derivatives	**–**	**–**	**–**	**–**
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Others				
Total	**2,357**	**–**	**381**	**–**

A.5 OTC financial derivatives - regulatory trading portfolio: notional values, gross positive and negative fair values for counterparties - contracts not covered by offset agreements

Contracts not covered by offset agreements	Governments and Central Banks	Other public authorities	Banks	Financial companies	Insurance company	Non-financial companies	Other entities
1) Debt securities and interest rates			**4,136**				
- notional value			3,844				
- positive fair value							
- negative fair value			277				
- future exposure			15				
2) Equity securities and stock indices			**4,966**				
- notional value			4,966				
- positive fair value							
- negative fair value							
- future exposure							
3) Currencies and gold			**74,948**	**41,127**			
- notional value			72,654	39,898			
- positive fair value			69	763			
- negative fair value			1,499	67			
- future exposure			726	399			
4) Other values							
- notional value							
- positive fair value							
- negative fair value							
- future exposure							
Total 2014			**84,050**	**41,127**			
Total 2013			**(73,410)**	**–**			

A.9 Residual life of OTC financial derivatives: notional values

Underlying/Residual life	Up to 1 year	From over 1 year to 5 years	More than 5 years	Total
A. Regulatory trading portfolio	**118,299**	**3,063**	**–**	**121,362**
A.1 Financial derivatives on debt securities and interest rates	781	3,063		3,844
A.2 Financial derivatives on equity securities and stock indices	4,966			4,966
A.3 Financial derivatives on exchange rates and gold	112,552			112,552
A.4 Financial derivatives on other values				–
B. Banking portfolio	**–**	**–**	**–**	**–**
B.1 Financial derivatives on debt securities and interest rates				–
B.2 Financial derivatives on equity securities and stock indices				–
B.3 Financial derivatives on exchange rates and gold				–
B.4 Financial derivatives on other values				–
Total 2014	**118,299**	**3,063**	**–**	**121,362**
Total 2013	**(67,737)**	**–**	**(5,292)**	**(73,029)**

Section 3 – Liquidity risk

Qualitative information

A. General aspects, management processes and measurement methods for liquidity risk

The Bank defined the liquidity risk as the inability to meet own payment commitments. This risk is linked to the inability to raise funds (funding liquidity risk) or to the existence of limits for the disinvestment of assets (market liquidity risk).
Funding liquidity risk means the risk according to which the Bank is not able to meet its own payment commitments and obligations efficiently (compared to the "desired" risk profile and/or "fair" economic conditions) due to the inability to raise funds without compromising its core business activities and/or financial situation.
Market liquidity risk means the risk according to which the Bank is able to dispose of an asset only by incurring capital losses due to the low liquidity of the reference market and/or due to the timing with which the transaction will be carried out.

The analysis of the Group's financial instruments (assets and liabilities) highlights that, overall, liquidity risk is quite low. In fact, the loans portfolio is mostly made up of short-term funding sources both on the interbank market and with regard to customers (as it comprises mainly on-demand loans that are directly connected with the private banking activity). Most of the securities trading portfolio is made up of highly liquid debt securities issued by countries of the Eurozone.
Concerning the sources of funding, they comprise current accounts, fixed-term deposits, repos and the issue of floating rate bonds. The concentration of the funding sources, present on primary and consolidated customers, is the consequence of the business model adopted by the Bank that entails issuing loans and providing services to highly selected customers.
Moreover, the Bank participated in the Long Term Refinancing Operation with ECB.

The Bank's overall exposure to liquidity risk is therefore maintained at modest levels thanks to the structure of the financial portfolio described above.

The ability to meet commitments promptly and economically is guaranteed by carefully monitoring the position through the use of information systems that ensure the ongoing monitoring of the liquidity requirements that are managed, where necessary, by resorting to the interbank deposits and, alternatively, to the repos market.

On the basis of the supervisory provisions, the Bank has defined the guidelines on the governance and management of liquidity risk and the methods of stress tests to be carried out. More specifically, the roles and responsibilities have been defined by the company bodies involved, the calculation methods of the LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) and the criteria to be applied in carrying out stress testing.
The short-term liquidity management policy, monitoring using the LCR indicator, includes all limits and alert thresholds that allow, both in normal market conditions and in stressful periods, for the measurement of

the liquidity risk to which it is exposed. The liquidity needed to cope with any structural imbalance in the breakdown of assets and liabilities along a one-year timeframe, instead, is monitored through the NSFR indicator.
Within the liquidity risk management process, the Bank's Risk Control organisational unit:

- periodically carries out the stress tests identified by the Bank for risk measurement, performing the measurements necessary to determine the value of the LCR (liquidity Coverage ratio) indicator (aimed at assuring that the Bank holds an amount of high quality liquid assets that enables it to withstand stress situations on the funding market for a time horizon of 30 days) and the NSFR (Net Stable Funding Ratio) (aimed at assuring a structural balance of the financial statements of the bank);
- prepare the reports to be sent to the Senior Management, illustrated the exposure to liquidity risk, also determined on the basis of the stress tests.

The analyses carried out at 31 December 2014 show that the potential outgoing cash flows are entirely covered by the inflows and by the liquidity buffer held by the Bank, and therefore no risk situations are noted.

Quantitative information

1. Time distribution of financial assets and liabilities by residual duration

Currency: Euro

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**170,146**	**–**	**30,116**	**3,396**	**202,694**	**196,555**	**369,873**	**138,662**	**75,769**	**3,404**
A.1 Treasury Bonds	2	–	30,008	–	185,891	191,166	340,057	43,703	3	–
A.2 Other debt securities	–	–	108	195	9,821	124	110	7,663	719	–
A.3 UCI units	35,194	–	–	–	–	–	–	–	–	–
A.4 Loans	134,950	–	–	3,201	6,982	5,265	29,706	87,296	75,047	3,404
- Banks	48,703	–	–	–	5,000	–	–	–	–	3,404
- Customers	86,247	–	–	3,201	1,982	5,265	29,706	87,296	75,047	–
Cash liabilities	**292,838**	**29,897**	**220**	**40,960**	**177,968**	**180,103**	**277,580**	**75,942**	**–**	**–**
B.1 Deposit and current accounts	290,658	90	220	440	1,573	20,261	6,827	10,346	–	–
- Banks	1,417	–	–	–	–	–	–	–	–	–
- Customers	289,241	90	220	440	1,573	20,261	6,827	10,346	–	–
B.2 Debt securities	–	–	–	–	22,744	–	–	25,866	–	–
B.3 Other liabilities	2,180	29,807	–	40,520	153,651	159,842	270,753	39,730	–	–
Off-balance sheet transactions	**1,651**	**34,127**	**30,000**	**62,661**	**5,058**	**48,448**	**234**	**962**	**656**	**–**
C.1 Financial derivatives with exchange of capital	–	34,127	30,000	62,661	5,024	48,038	–	290	656	–
- Long positions	–	32,063	–	47,708	2,512	24,019		145	328	
- Short positions	–	2,064	30,000	14,953	2,512	24,019		145	328	
C.2 Financial derivatives without exchange of capital	301	–	–	–	–	–	–	–	–	–
- Long positions	24	–	–	–	–	–			–	
- Short positions	277	–	–	–	–	–			–	
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	1,350	–	–	–	34	410	234	672	–	–
- Long positions	1	–	–	–	34	410	234	672	–	–
- Short positions	1,349	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued		–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions		–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

Bank "Undated Loans" refer to the deposit in the Obligatory reserve.

The item C.1 includes the value of purchases and sales of titles not yet adjusted.

1. Time distribution of financial assets and liabilities by residual duration

Currency: US dollar

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**13,278**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	13,278	–	–	–	–	–	–	–	–	–
- Banks	12,952	–	–	–	–	–	–	–	–	–
- Customers	326	–	–	–	–	–	–	–	–	–
Cash liabilities	**13,409**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	13,409	–	–	–	–	–	–	–	–	–
- Banks	23	–	–	–	–	–	–	–	–	–
- Customers	13,386	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**25,286**	**5,024**	**35,912**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	25,286	5,024	35,912	–	–	–	–
- Long positions	–	–	–	12,643	2,512	17,956		–	–	–
- Short positions	–	–	–	12,643	2,512	17,956		–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: Pound sterling

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**2,993**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–		–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	2,993	–	–	–	–	–	–	–	–	–
- Banks	2,598	–	–	–	–	–	–	–	–	–
- Customers	395	–	–	–	–	–	–	–	–	–
Cash liabilities	**1,848**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	1,848	–	–	–	–	–	–	–	–	–
- Banks	234	–	–	–	–	–	–	–	–	–
- Customers	1,614	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**515**	**–**	**–**	**33,072**	**–**	**7,292**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	33,072	–	7,292	–	–	–	–
- Long positions	–		–	616		3,646		–	–	–
- Short positions	–	–	–	32,456		3,646		–	–	–
C.2 Financial derivatives without exchange of capital	515	–	–	–	–	–	–	–	–	–
- Long positions	1	–	–	–	–	–	–	–	–	–
- Short positions	514	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: Yen

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**49**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	49	–	–	–	–	–	–	–	–	–
- Banks	49	–	–	–	–	–	–	–	–	–
- Customers	–	–	–	–	–	–	–	–	–	–
Cash liabilities	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	2	–	–	–	–	–	–	–	–	–
- Banks	–	–	–	–	–	–	–	–	–	–
- Customers	2	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**3,388**	**–**	**–**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	3,388	–	–	–	–	–	–
- Long positions	–	–	–	1,694	–	–	–	–	–	–
- Short positions	–	–	–	1,694	–	–	–	–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: Canadian dollar

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**211**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	211	–	–	–	–	–	–	–	–	–
- Banks	211	–	–	–	–	–	–	–	–	–
- Customers		–	–	–	–	–	–	–	–	–
Cash liabilities	**140**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	140	–	–	–	–	–	–	–	–	–
- Banks	140	–	–	–	–	–	–	–	–	–
- Customers	–	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–			–	–	–	–	–
- Short positions	–	–	–			–	–	–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: Swiss franc

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**636**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	636	–	–	–	–	–	–	–	–	–
- Banks	636	–	–	–	–	–	–	–	–	–
- Customers	–	–	–	–	–	–	–	–	–	–
Cash liabilities	**140**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	140	–	–	–	–	–	–	–	–	–
- Banks		–	–	–	–	–	–	–	–	–
- Customers	140	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**915**	**–**	**1,664**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	915	–	1,664	–	–	–	–
- Long positions	–	–	–	–		832	–	–	–	–
- Short positions	–	–	–	915		832		–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

1. Time distribution of financial assets and liabilities by residual duration

Currency: residual

Item/Time frame	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Undated
Cash assets	**986**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.1 Treasury Bonds	–	–	–	–	–	–	–	–	–	–
A.2 Other debt securities	–	–	–	–	–	–	–	–	–	–
A.3 UCI units	–	–	–	–	–	–	–	–	–	–
A.4 Loans	986	–	–	–	–	–	–	–	–	–
- Banks	985	–	–	–	–	–	–	–	–	–
- Customers	1	–	–	–	–	–	–	–	–	–
Cash liabilities	**194**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B.1 Deposit and current accounts	194	–	–	–	–	–	–	–	–	–
- Banks	20	–	–	–	–	–	–	–	–	–
- Customers	174	–	–	–	–	–	–	–	–	–
B.2 Debt securities	–	–	–	–	–	–	–	–	–	–
B.3 Other liabilities	–	–	–	–	–	–	–	–	–	–
Off-balance sheet transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C.1 Financial derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.2 Financial derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.3 Deposits and loans to be received	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.4 Irrevocable commitments to disburse funds	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.5 Financial guarantees issued	–	–	–	–	–	–	–	–	–	–
C.6 Financial guarantees received	–	–	–	–	–	–	–	–	–	–
C.7 Credit derivatives with exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–
C.8 Credit derivatives without exchange of capital	–	–	–	–	–	–	–	–	–	–
- Long positions	–	–	–	–	–	–	–	–	–	–
- Short positions	–	–	–	–	–	–	–	–	–	–

Section 4 – Operating risk

Qualitative and quantitative information

A. General aspects, management processes and measurement methods for operating risk

Operating risk is defined as the risk to incur losses arising from the inadequacy or weakness in procedures, human resources and internal systems, or from external events. These include losses arising from frauds, human errors, interruptions in business activities, unavailability of systems, contractual default, natural and/or geopolitical disasters. The operating risk includes the legal risk, while it does not include strategic and reputational risks.

The Bank, albeit adopting a standardised calculation method of the operating risks, carried out an analysis/assessment of operating risks on the "core" procedures. In order to standardise the quantification process of operating risks, the Bank has also formalised the adopted method in the document called "Management of operating risks in Banca Finnat". At 31 December 2014, the organisational unit tasked with monitoring operating risks started the activities necessary for their revision according to the method identified by the corporate Bodies of the Bank.
In particular, the analysis focused on the identification, within the above-mentioned operating procedures, of the activities that may generate operating risks for the Bank and of the related controls to mitigate the risks themselves.

With regards to the quantification of internal capital supporting the operating risk, as previously mentioned, the Bank uses the basic approach under the scope of determining prudential equity requirements, as envisaged by Bank of Italy Circular Letter no. 263/2006.

In this context, the internal control function verifies that said procedures, and any revisions thereof, are correctly implemented and are observed, as well as ensuring that they comply with regulations in force.

Part F – Information on net equity

Section 1 – Net equity

Qualitative and quantitative information

The net equity comprises the Capital, Reserves, Own Shares, Valuation Reserves and profit for the year. All financial instruments that are not classified as financial assets or liabilities according to the IAS/IFRS are considered part of the net equity.

For supervisory purposes, the relevant aggregate net equity is calculated based on the applicable regulations laid down by the Bank of Italy and constitutes the reference control data of the prudential supervisory regulations.

Pursuant to the above-mentioned regulations, the Bank is required to comply with a minimum supervisory ratio of 8%, calculated by reference to credit and market prices.

The net equity of the Bank totals 233,512 thousand euros. It is detailed in the table below.

B.1 Net equity: breakdown

Items/Amounts	Amount 31.12.2014	Amount 31.12.2013
1. Share capital	72,576	72,576
2. Share issue premiums	–	–
3. Reserves	91,946	90,264
- retained earnings	86,611	85,105
a) legal reserve	8,720	8,461
b) statutory reserve	–	–
c) own shares	14,141	14,180
d) other	63,750	62,464
- other	5,335	5,159
4. Capital instruments	–	–
5. (Own shares)	(12,409)	(11,959)
6. Valuation reserves:	77,066	64,255
- Available-for-sale financial assets	75,901	63,004
- Tangible assets		
- Intangible assets		
- Foreign investment hedge		
- Cash flow hedge		
- Exchange differences		
- Non-current assets being disposed		
- Actuarial profit (loss) on defined benefit social security plans	(199)	(113)
- Share of valuation reserves related to investee companies valued by equity method		
- Special revaluation regulations	1,364	1,364
7. Profit (loss) for the year	4,333	5,135
Total	**233,512**	**220,271**

Item 6. Valuation reserves includes the following in the stated sub-items:

- Available-for-sale financial assets: in addition to the measurement at fair value of the securities in the portfolio (28,879 thousand euros), the measurement at fair value of the investment in the subsidiaries Investire Immobiliare SGR S.p.A. of 44,900 thousand euros, Finnat Fiduciaria S.p.A of 74 thousand euros, Fedra Fiduciaria of -35 thousand euros and Finnat Gestioni S.A. of 2,083 thousand euros.
- Actuarial profit (loss) on defined benefit social security plans: the portion of IAS staff severance fund that, in accordance with the revised IAS 19, is recognised in valuation reserves in the amount of -199 thousand euros.
- Special revaluation regulations: revaluations made on owned property in accordance with the provisions of Italian Laws no. 576 of 2 December 1975, no. 72 of 19 March 1983, no. 413 of 30 December 1991 for a total of 1,356 thousand euros and a further revaluation of 8 thousand euros performed in FY 1974.

B.2 Valuation reserves of available-for-sale financial assets: breakdown

Assets/amounts	Total 31.12.2014		Total 31.12.2013	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	1,759	4	2,933	30
2. Equity securities	73,731	35	60,485	474
3. UCI units	452	2	630	540
4. Loans	–	–	–	–
Total	**75,942**	**41**	**64,048**	**1,044**

The reserve of item 1. Debt securities concerns almost exclusively the fair value adjustment, after taxes, on total Government Bonds.

The reserve of item 2. Equity securities concerns the adjustment to fair value, net of taxes, of available-for-sale financial assets by 26,674 thousand euros and of equity investments in subsidiaries by 47,022 thousand euros.

B.3 Valuation reserves of available-for-sale financial assets: annual changes

	Debt securities	Equity securities	UCI units	Loans
1. Opening balance	**2,903**	**60,011**	**90**	**–**
2. Positive changes	1,332	16,666	583	–
2.1 Increases in fair value	321	16,666	43	
2.2 Reallocation of negative reserve to income statement	1,011	–	540	–
- from impairment	–	–	540	
- from disposal	1,011	–	–	
2.3 Other changes	–	–	–	
3. Negative changes	2,480	2,981	223	–
3.1 Decreases in fair value	1,011	89	223	
3.2 Adjustments from impairment				
3.3 Reallocation to income statement from positive reserves: from disposal	1,469	2,892	–	–
3.4 Other changes		–	–	
4. Closing balance	**1,755**	**73,696**	**450**	**–**

The comment to the changes is illustrated in part D – Comprehensive Income.

B.4 Valuation reserves related to defined benefit plans: annual changes

Negative Reserves related to defined benefit plans amount to 199 thousand euros and increased by 86 thousand euros compared to 2013 (negative by the amount of 113 thousand euros).

Section 2 – Own funds and capital ratios

2.1 Own funds

Since 1 January 2014, the Regulatory Capital has been determined according to the new harmonised regulations for the Banks and the Investment companies contained in the Regulations ("CRR") and in the EU Directive ("CRD IV") of 26 June 2013 which transfer to the European Union the standards defined by the Basel Committee on Banking Supervision (Basel 3).
In order to enact the new regulations, the Bank of Italy issued, on 19 December 2013, Circular no. 285 "Prudential Supervision Provisions for Banks".

Moreover, in accordance with the clarification note by the Bank of Italy, it should be pointed out that in calculating own funds at 31 December 2014, unlike at 31 December 2013, the reserves deriving from the fair value measurement of Equity Investments were also considered, inasmuch as they are similar to those of the securities classified in the portfolio of Available-for-sale financial assets. This change entailed the increase in own funds and in the total capital ratio relative to last year's data, calculated according to the old regulations.

Pursuant to the new regulation and to the clarifications of the Bank of Italy, in fact, the own funds at 31 December 2014 amount to 157,378 thousand euros whereas its Total capital ratio stands at 31.5% versus the 8% minimum requirement set forth in the current regulations for Credit Institutions. Moreover, the CET1 capital ratio amounts to 27% and therefore there are no limitations to the distribution of the dividend, by the Bank, in the current year.

Own funds at 31 December 2013, calculated according to the previous regulations (Basel 2), amounted to 138,605 thousand euros, while the Total Capital Ratio stood at 29.9%.

A. Qualitative information

According to the new provisions of Basel 3 effective on 1 January 2014, the Own funds, which in the previous regulations represented "the Regulatory Capital", provide the first safeguard against the risks associated with overall bank activities and the main parameter of reference for an assessment of the solidity of the bank.
They comprise the sum of:

Common Equity Tier 1 (Common Equity Tier 1 - CET1)	134,928	euros
Additional Tier 1 (Additional Tier 1 - AT1)	–	euros
Tier 2 (Tier 2 - T2)	22,450	euros

B. Quantitative information

		Total 31.12.2014	Total 31.12.2013
A.	**Primary Capital of Class 1 (“Common Equity Tier 1” or “CET1”) before the application of prudential filter**	**242,293**	**151,285**
	- of which CET 1 instrument subject to transitional provisions	–	–
B.	Prudential filters for CET 1 (+/-)	–	–
C.	**CET 1 including deductions and the effects of the transitional regulations (A+/-B)**	**242,293**	**151,285**
D.	**Deductions from CET1**	**(39,044)**	**(12,680)**
E.	**Transitional regulations - Impact on CET 1 (+/-)**	**(68,321)**	
F.	**Total Common Equity Tier 1 (Common Equity Tier 1 - AT1 - CET1) (C - D+/-E)**	**134,928**	**138,605**
G.	**Additional Tier 1 (Additional Tier 1 - AT1) including deductions and the effects of the transitional regulations**	**–**	**–**
	- of which AT 1 instruments subject to transitional provisions	–	–
H.	**Deductions from AT1**	**–**	**–**
I.	**Transitional regulations - Impact on AT 1 (+/-)**	**–**	**–**
L.	**Total Additional Tier 1 (Additional Tier 1 - AT1) (G-H +/-I)**	**–**	**–**
M.	**Tier 2 (Tier 2 - T2) including deductions and the effects of the transitional regulations**	**–**	**4,927**
	- of which T2 instruments subject to transitional provisions	–	–
N.	**Deductions from T2**	**–**	**(4,927)**
O.	**Transitional regulations - Impact on T2 (+/-)**	**22,450**	**–**
P.	**Total Tier 2 (Tier 2 - T2) (M-N +/-O)**	**22,450**	**–**
Q.	**Total own funds (F+L+P)**	**157,378**	**138,605**

Data at 31 December 2013 were calculated according to the previous regulations (Basel 2).

With reference to the transitional provisions applied to Own Funds, as set forth in Circular no. 285 issued by the Bank of Italy, the Bank has adopted, starting on 1 January 2014 and until the full entry into force of the new accounting standard IFRS 9, the option of excluding from own funds the unrealised gains and losses pertaining to exposures to Central Administrations, classified among Financial assets available for sale.

The impact of this sterilisation on Own Funds at 31 December 2014 was positive by 702 thousand euros and Own Funds would have amounted to 158,080 thousand euros.

2.2 Capital adequacy

A. Qualitative information

Since 1 January 2014, Italian banks must maintain a minimum CET 1 ratio of 4.5%, TIER 1 ratio of 5.5% (6% from 2015 onwards) and Total Capital Ratio of 8%.

As shown in the table below, the Bank's CET 1 Capital Ratio and Tier 1 Capital Ratio are both equal to 27%, whilst its Total Capital Ratio is 31.5%.

B. Quantitative information

Categories/Amounts	Non-weighted amounts		Weighted amounts/ requirements	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standard methodology	1,840,142	1,161,450	375,184	350,181
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitisation				
B. CAPITAL REQUIREMENTS FOR SUPERVISORY PURPOSES				
B.1 Credit and counterparty risk			30,014	21,011
B.2 Risk of adjustment of the credit measurement			1	–
B.3 Settlement risk				
B.4 Market risks			4,487	3,217
1. Standard methodology			4,487	3,217
2. Internal models				
3. Concentration risk				
B.5 Operating risk			5,407	3,562
1. Basic method			5,407	3,562
2. Standardised method			–	–
3. Advanced method				
B.6 Other calculation elements				
B7. Total prudential requirements			39,909	27,790
C. RISK ASSETS AND ADEQUACY RATIOS				
C.1 Weighted risk assets			498,867	463,167
C.2 Common Equity Tier 1 /Weighted risk assets (CET1 capital ratio)			27.0%	29.9%
C.3 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)			27.0%	29.9%
C.4 Total own funds/Weighted risk assets (Total capital ratio)			31.5%	29.9%

Data at 31 December 2013 were calculated according to the previous regulations (Basel 2).

Part G - Business combinations pertaining to entities or business units

Section 1 - Combinations completed during the year

No business combinations were completed during the year, as regulated by IFRS 3, which would have entailed the acquisition of control over businesses or legal entities.
In December, as is comprehensively described in the Report on Operations and in Part A Accounting Policies, the extraordinary transaction under common control was carried out, involving the merger by absorption of Finnat Investments S.p.A. and Finnat Real Estate S.r.l. into Banca Finnat Euramerica S.p.A. This transaction, excluded from the scope of IFRS 3, was therefore recognised with continuity of values.
The merger was a part of the reorganisation process within the Group, whose goal is to simplify the corporate structure.

Section 2 - Combinations completed after the end of the year

In the period spanning the end of the 2014 financial year and the date on which these financial statements were prepared, no business combinations regulated by IFRS 3 were carried out.

Part H – Related party transactions

In terms of related party transactions, the Bank has complies with the Regulations for related party transactions, approved by the Board of Directors on 2 August 2013.

For further information on related party transactions carried out during the financial year, please refer to the paragraph in the Report on Operations.

As required by IAS 24, information on related party transactions is provided below.

1. Information on remuneration of key executives.

As a result of the latest amendments made by Consob to its resolution no. 11971 of 14 May 1999 for the aforesaid information, please refer to the “Report on Remuneration” prepared in accordance with Article 123-ter of the Italian Consolidated Financial Law and according to form 7-bis of Annexe 3A of the Issuers’ Regulation.

2. Information on transactions with related parties

The following table shows the assets, liabilities and guarantees and commitments at 31 December 2014 separately for different types of related parties under IAS 24.

BALANCE SHEET	Financial receivables (Payables)	Receivables (Payables) for the domestic consolidated tax system	Other Receivables (Payables)	Available-for-sale securities	Sureties given
Subsidiaries					
Investire Immobiliare SGR S.p.A.	(7,949)	922	(2,233)		
Finnat Fiduciaria S.p.A.	(515)	(58)	(60)		
Fedra Fiduciaria S.p.A.	(175)	(5)	(2)		
Associated companies					
Imprebanca S.p.A.	(1,259)		–		
Management with strategic responsibilities and auditing bodies	**(1,122)**				
Other related parties	**(1,779)**		**190**	**2,690**	**1,667**

Receivables (Payables) for domestic consolidated tax system and Other Receivables (Payables) are included in the financial statement items "Other assets" and "Other liabilities".

With regard to subsidiaries and associated companies, the breakdown of main income statement items is also shown.

INCOME STATEMENT	Other operating income (Other administrative expenses)	Interest income (expense)	Dividends	Commission income (expense)
Subsidiaries				
Investire Immobiliare SGR S.p.A.	14	13	2,986	503
Finnat Fiduciaria S.p.A.	9	(18)	–	21
Fedra Fiduciaria S.p.A.	1	(2)	–	12
Associated companies				
Imprebanca S.p.A.		74	–	–
Beni Stabili Property Service S.p.A.			389	

Part I - Payment agreements based on own capital instruments

A. Qualitative information

1. Description of the payment agreements based on own capital instruments

On 12 May 2011, the Board of Directors of the Bank launched a stock option plan, as empowered by the Shareholders' Meeting of 29 April 2011, in favour of the Management of the Bank and its Subsidiaries; the plan is addressed to persons with a key role in the achievement of the Group's operating results.

Said plan provides for the free and non-transferable assignment of no more than 27 million stock options, for the subscription or purchase of Bank shares according to the ratio of one regular entitlement share to each exercised option. Options will be exercisable from 31 March 2015 to 15 December 2016, at a unit exercise price of 0.4702 euro and are conditional on the achievement of specific targets anchored to the Group's EBITDA and "Core Tier One Ratio".

The data about the evolution of the plan are shown below.

	Number of shares	Average exercise price (euro)	Market price (euro)
Rights existing at 31/12/2013	**17,000,000**	**0.4702**	**0.3170**
Rights exercised	–	–	–
Rights cancelled	–		
Rights assigned		–	–
Rights existing at 31/12/2014	**17,000,000**	**0.4702**	**0.4040**
- of which: exercisable at 31/12/2014	–	–	–

The Market Price corresponds to the official price of the shares at the end of the year.

B. Quantitative information

1. Annual changes

Items/Number of shares and exercise price	31.12.2014			31.12.2013		
	Number of options	Average exercise prices	Average maturity term	Number of options	Average exercise prices	Average maturity term
A. Opening balance	**17,000,000**	**0.4702**	**2015**	**24,000,000**	**0.4702**	**2015**
B. Increases	**–**		**X**	**–**	**–**	**X**
B.1 New issues	–	–	–	–	–	–
B.2 Other changes	–		X	–	–	X
C. Decreases	**–**	**–**	**X**	**7,000,000**	**0.4702**	**X**
C.1 Cancelled	–	–	X	7,000,000	0.4702	X
C.2 Exercised	–		X	–		X
C.3 Expired	–		X	–		X
C.4 Other changes	–		X	–		X
D. Closing balance	**17,000,000**	**0.4702**	**2015**	**17,000,000**	**0.4702**	**2015**
E. Exercisable options at the end of the year	**–**	**–**	**X**	**–**	**–**	**X**

2. Other information

The stock option plan was assessed using a model that takes into account not only information such as price, duration of the option, current price of the shares, volatility, expected dividends and risk-free interest rate, but also the specific characteristics of the plan. The option and probable realisation of terms according to which the options have been assigned are valued separately in the measurement model.

In these separate financial statements, the Bank recorded:

- in the item “Staff costs”, the amount of 160 thousand euros concerning the assessment, at the assignment date, of stock option rights assigned to the Bank’s Management;
- in the item “Equity Investments”, the assessment of the rights assigned to the subsidiaries Finnat Fiduciaria S.p.A. (3 thousand euros) and Investire Immobiliare SGR S.p.A. (13 thousand euros).

The above amounts, together with those recorded in previous financial years, were recorded for a total of 998 thousand euros in the item “Other reserves” of Net Equity.

Part L – Segment Reporting

The Bank draws up the segment reporting in part L of the notes to the consolidated financial statements, exercising the option granted by the Circular Letter of the Bank of Italy no. 262 of 22 December 2005 and subsequent amendments.

Significant non-recurring operations and positions or transactions descending from atypical and/or unusual operations

Pursuant to the Consob Communication DEM/6064293 of 28 July 2006, it should be noted that:

- in 2014, no non-recurring events occurred or were carried out, meaning events or operations that do not usually take place, in connection with ordinary business operations;
- no atypical and/or unusual transactions took place during 2014, either within the Group or with related or third parties. Atypical and/or unusual transactions are those operations which, due to their magnitude/importance, to the nature of the counterparty, to the subject matter of the transaction and to the method for determining the transfer price and time frame (whether close to the year-end or not), may give rise to doubts as to: the accuracy/completeness of the information set out in the financial statements, any conflict of interest, the safeguarding of the company's net worth and the protection of minority interests.

The most significant Group transactions in the 2014 financial year are commented on in a special section of the Report on Operations.

ATTACHMENTS TO THE FINANCIAL STATEMENTS

STATEMENT OF CHANGES
IN EQUITY INVESTMENTS

LIST OF MAIN EQUITY INVESTMENTS
IN UNLISTED COMPANIES
DIRECTLY OR INDIRECTLY OWNED

RESTATED
BALANCE SHEET AND INCOME STATEMENT
AT 31 DECEMBER 2013

Statement of changes in equity investments

(amounts in euros)

	31.12.2013				
	No. of shares or units	Published value	Changes	Restated value	Assignments for stock option
Subsidiaries					
Finnat Fiduciaria S.p.A.	300,000	3,689,233	(473,563)	3,215,670	3,267
Fedra Fiduciaria S.p.A.	24,000	360,000	53,780	413,780	–
Finnat Investments S.p.A.	260,000	404,552	(404,552)	–	–
Finnat Real Estate S.r.l.	1	348,127	(348,127)	–	–
Investire Immobiliare S.G.R. S.p.A.	6,880	50,640,000	–	50,640,000	13,067
Finnat Gestioni S.A.	525	343,147	2,044,113	2,387,260	–
Total Subsidiaries (A)		**55,785,059**	**871,651**	**56,656,710**	**16,334**
Companies under significant control					
Beni Stabili Property Service S.p.A.	648,000	2,268,000		2,268,000	–
Prèvira Invest SIM S.p.A.	30,000	300,000		300,000	–
Sigefi Italia Private Equity S.p.A.	30,000	31,502		31,502	–
Imprebanca S.p.A.	10,000,000	10,000,000		10,000,000	–
Total Companies under significant control (B)		**12,599,502**	**–**	**12,599,502**	**–**
Total (A + B)		**68,384,561**	**871,651**	**69,256,212**	**16,334**

The changes pertain to:
- in accordance with IAS 8, the fair value measurements of all subsidiaries.
- in accordance with the preliminary guideline Assirevi OPI no. 2, the merger by absorption of Finnat Investments S.p.A. and Finnat Real Estate S.r.l., wholly owned subsidiaries, into Banca Finnat Euramerica S.p.A.

	Purchases		Sales		Profit (Loss)	Changes in fair value	31.12.2014	
	No. of shares or units	Value	No. of shares or units	Value			No. of shares or units	Value
		–	–	–	–	548,754	300,000	3,767,691
		–	–	–	–	(89,266)	24,000	324,514
		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
		–	–	–	–	3,666,933	6,880	54,320,000
		–	–	–	–	68,177	525	2,455,437
		–		**–**	**–**	**4,194,598**		**60,867,642**
		–	–	–	–	–	648,000	2,268,000
		–	–	–	–	–	30,000	300,000
		–	–	–	–	–	30,000	31,502
		–	–	–	–	–	10,000,000	10,000,000
	–	**–**	**–**	**–**	**–**	**–**		**12,599,502**
		–		**–**	**–**	**4,194,598**		**73,467,144**

The following table lists all equity investments – directly or indirectly owned by Banca Finnat Euramerica S.p.A. – that exceed a stake of 10% of the capital, made up of shares with voting rights in unlisted public limited companies or membership interests in private limited companies, at the end of the reporting period.

List of main equity investments in unlisted companies directly or indirectly owned at 31 December 2014

PART-OWNED COMPANY	Shares or membership interests directly and indirectly held		Shares or membership interests directly held			Shares or membership interests indirectly held			
	No. of shares	% stake	No. of shares	% stake	Type of ownership	Part-owned Companies	No. of shares	% stake	Type of ownership
FINNAT FIDUCIARIA S.p.A. Piazza del Gesù, 49 - 00186 ROME TAXPAYER ID No. 07585500585 - Rome REA 620697 Nominal value per share Euro 5	300,000	100.000	300,000	100.000	Ownership				
FEDRA FIDUCIARIA S.p.A. Piazza del Gesù, 49 - 00186 ROME TAXPAYER ID No. 07973070589 - Rome REA 636350 Nominal value per share Euro 5	24,000	100.000	24,000	100.000	Ownership				
INVESTIRE IMMOBILIARE S.G.R. S.p.A. Piazza del Gesù, 49 - 00186 ROME TAXPAYER ID No. 06931761008 - Rome REA 998178 Nominal value per share Euro 1,000	6,880	80.000	6,880	80.000	Ownership				
FINNAT GESTIONI S.A. Piazza Dante, 7 - 6900 LUGANO Nominal value per share CHF 1,000	525	70.000	525	70.000	Ownership				
BENI STABILI PROPERTY SERVICE S.p.A. Via Piemonte, 38 - 00187 ROME TAXPAYER ID No. 08280551006 - Rome REA 1085663 Nominal value per share Euro 1	648,000	36.000	648,000	36.000	Ownership				
SIGEFI ITALIA PRIVATE EQUITY S.p.A. Via Gonzaga Maurizio, 7 - 20123 MILAN TAXPAYER ID No. 04033360969 - Milan REA 1720651 Nominal value per share Euro 1	30,000	25.000	30,000	25.000	Ownership				
IMPREBANCA S.p.A. Via Cola di Rienzo, 240 - 00192 ROME TAXPAYER ID No. 09994611003 - Rome REA 1202384 Nominal value per share Euro 1	10,000,000	20.000	10,000,000	20.000	Ownership				
PREVIRA INVEST SIM S.p.A. Piazza San Bernardo, 106 - 00187 ROME TAXPAYER ID No. 06073551001 - Rome REA 945999 Nominal value per share Euro 10	30,000	20.000	30,000	20.000	Ownership				
BENI STABILI GESTIONI SGR S.p.A. Via Piemonte, 38 - 00187 ROME TAXPAYER ID No. 05571911006 - Rome REA 900875 Nominal value per share Euro 1,000	2,523	15.000	2,523	15.000	Ownership				
CALIPSO S.p.A. Via C. Cantù, 1 - 20123 MILAN TAXPAYER ID No. 08226181009 - Milan REA 1786169 Nominal value per share Euro 1	41,062	13.687	41,062	13.687	Ownership				

The equity investments in Beni Stabili Gestioni SGR S.p.A. and Calipso S.p.A. have been classified in the financial statements under the item "40 -Available-for-sale financial assets".

RESTATED
BALANCE SHEET AND INCOME STATEMENT
AT 31 DECEMBER 2013

Balance sheet of Banca Finnat Euramerica S.p.A. at 31 December 2013

(amounts in euros)

Asset items		31.12.2013 Published	Effects of the fair value measurement of equity investments	Effects of the merger	Reclassification of Cassa Compensazione e Garanzia	31.12.2013 Restated
ASSET ITEMS						
10.	Cash and cash equivalents	738,252	–	–	–	738,252
20.	Financial assets held for trading	126,189,492	–	–	–	126,189,492
40.	Available-for-sale financial assets	558,101,657	–	–	–	558,101,657
50.	Financial assets held to maturity	2,669,899	–	–	–	2,669,899
60.	Due from banks	95,853,042	–	–	–	95,853,042
70.	Due from customers	278,730,883	–	(817,603)	17,589,127	295,502,407
100.	Equity investments	68,384,561	1,624,330	(752,679)	–	69,256,212
110.	Tangible assets	4,101,824	–	1,439,236	–	5,541,060
120.	Intangible assets	398,505	–	–	–	398,505
	of which:					
	- goodwill	300,000	–	–	–	300,000
130.	Tax assets	4,738,791	–	43,928	–	4,782,719
	a) current	2,007,861	–	38,819	–	2,046,680
	b) advance	2,730,930	–	5,109	–	2,736,039
	of which in Italian Law 214/2011	2,309,696	–	–	–	2,309,696
150.	Other assets	27,919,107	–	6,978	(17,589,127)	10,336,958
	Total assets	**1,167,826,013**	**1,624,330**	**(80,140)**	**–**	**1,169,370,203**
LIABILITIES AND NET EQUITY						
10.	Due to banks	95,481,665	–	–	–	95,481,665
20.	Due to customers	798,337,543	–	(622,617)	–	797,714,926
30.	Outstanding securities	41,685,245	–	–	–	41,685,245
40.	Financial liabilities held for trading	381,324	–	–	–	381,324
80.	Tax liabilities	4,458,805	28,846	34,468	–	4,522,119
	a) current	522,658	–	122	–	522,780
	b) deferred	3,936,147	28,846	34,346	–	3,999,339
100.	Other liabilities	6,864,527	–	(16,600)	–	6,847,927
110.	Staff severance fund	2,466,056	–	–	–	2,466,056
130.	Valuation reserves	62,659,590	1,595,484	–	–	64,255,074
160.	Reserves	89,701,936	–	561,576	–	90,263,512
180.	Share capital	72,576,000	–	–	–	72,576,000
190.	Own shares (-)	(11,958,838)	–	–	–	(11,958,838)
200.	Profit (Loss) for the year (+/-)	5,172,160	–	(36,967)	–	5,135,193
	Total liabilities and net equity	**1,167,826,013**	**1,624,330**	**(80,140)**	**–**	**1,169,370,203**

The restatements pertain to:
- the fair value measurements of all subsidiaries, in accordance with IAS 8
- the merger by absorption of Finnat Investments S.p.A. and Finnat Real Estate S.r.l., wholly owned subsidiaries, into Banca Finnat Euramerica S.p.A., in accordance with the preliminary guideline Assirevi OPI no. 2
- Deposits for margins with the Cassa di Compensazione e Garanzia reclassified to assure comparability with the data referred to 31 December 2014.

Income statement of Banca Finnat Euramerica S.p.A. FY 2013

(amounts in euros)

Items		FY 2013 Published	Effects of the fair value measurement of equity investments	Effects of the merger	Reclassification of Cassa Compensazione e Garanzia	FY 2013 Restated
10.	Interest income and similar income	18,386,401	–	(13,971)	–	18,372,430
20.	Interest expense and similar expense	(3,671,323)	–	6,102	–	(3,665,221)
30.	**Interest margin**	**14,715,078**	**–**	**(7,869)**		**14,707,209**
40.	Commission income	11,313,068	–	–	–	11,313,068
50.	Commission expense	(885,580)	–	–	–	(885,580)
60.	**Net Commissions**	**10,427,488**	**–**	**–**		**10,427,488**
70.	Dividends and similar income	6,643,717	–	–	–	6,643,717
80.	Net income from trading activities	(2,503,047)	–	–	–	(2,503,047)
100.	Profit (loss) from the transfer or the repurchase of:					
	b) available-for-sale financial assets	1,612,300	–	(2,868)	–	1,609,432
120.	**Earnings margin**	**30,895,536**	**–**	**(10,737)**		**30,884,799**
130.	Net value adjustments/write-backs for impairment of:					
	a) receivables	(639,023)	–	–	–	(639,023)
	b) available-for-sale financial assets	(58,058)	–	–	–	(58,058)
140.	**Net income from financial operations**	**30,198,455**	**–**	**(10,737)**		**30,187,718**
150.	Administrative expenses:					
	a) staff costs	(15,942,595)	–	(72,713)	–	(16,015,308)
	b) other administrative expenses	(9,732,828)	–	46,192	–	(9,686,636)
170.	Net value adjustments/write-backs on tangible assets	(394,909)	–	(6,012)	–	(400,921)
180.	Net value adjustments/write-backs on intangible assets	(48,645)	–	–	–	(48,645)
190.	Other operating income/expenses	2,715,713	–	2,018	–	2,717,731
200.	**Operating costs**	**(23,403,264)**	**–**	**(30,515)**	**–**	**(23,433,779)**
250.	**Pre-tax income (loss) from current operations**	**6,795,191**	**–**	**(41,252)**	**–**	**6,753,939**
260.	Income tax for the year on current operations	(1,623,031)	–	4,285	–	(1,618,746)
270.	**Income (loss) from current operations after tax**	**5,172,160**	**–**	**(36,967)**	**–**	**5,135,193**
290.	**Profit (loss) for the year**	**5,172,160**	**–**	**(36,967)**	**–**	**5,135,193**

The restatements pertain to:
- the fair value measurements of all subsidiaries, in accordance with IAS 8
- the merger by absorption of Finnat Investments S.p.A. and Finnat Real Estate S.r.l., wholly owned subsidiaries, into Banca Finnat Euramerica S.p.A., in accordance with the preliminary guideline Assirevi OPI no. 2
- Deposits for margins with the Cassa di Compensazione e Garanzia reclassified to assure comparability with the data referred to 31 December 2014.

Relazione del Collegio sindacale all'Assemblea degli Azionisti di Banca Finnat Euramerica SpA Art. 153 D.Lgs. 24 febbraio 1998 n. 58 e Art. 2429 co. 3 C.C.
Esercizio chiuso il 31 dicembre 2014

Signori Azionisti,

nel corso dell'esercizio chiuso al 31 dicembre 2014, abbiamo svolto l'attività di vigilanza prevista dalla legge, tenendo anche conto dei Principi di comportamento del Collegio sindacale raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.

In particolare, durante l'esercizio 2014, non considerando le riunioni tenute come Organismo di Vigilanza ex D. Lgs. 231/2001, ci siamo riuniti in 13 sedute ed abbiamo svolto autonomi controlli sul sistema amministrativo contabile, sulla struttura organizzativa e sul sistema di controllo interno. Inoltre, abbiamo mantenuto periodiche consultazioni con la società di revisione Reconta Ernst & Young - alla quale, come noto, sono demandate ai sensi dell'art. 14 del D.Lgs. 39/2010 le verifiche relative alla regolare tenuta della contabilità sociale, alla corretta rilevazione dei fatti di gestione nelle scritture contabili, alla corrispondenza del bilancio di esercizio alle risultanze delle scritture contabili, nonché alla conformità del bilancio di esercizio alle norme che lo disciplinano – raccogliendo informazioni sui risultati delle verifiche da loro effettuate. Nel corso delle consultazioni con la società di revisione non sono emersi aspetti rilevanti per i quali si è reso necessario procedere a specifici approfondimenti.

L'attività di vigilanza del Collegio sindacale è stata inoltre espletata, per quanto riguarda l'analisi delle politiche aziendali e degli atti e delibere conseguenti, mediante la partecipazione a tutte le 10 riunioni del Consiglio di Amministrazione, nonché - per il tramite del Presidente o di altro componente del Collegio – alle n 6 riunioni del Comitato Controllo e Rischi e, per quanto attiene agli aspetti operativi, anche attraverso riunioni con i responsabili delle diverse funzioni aziendali. Siamo stati aggiornati dai Vostri Amministratori sull'attività svolta dalla Banca e dalle sue controllate, con la periodicità dovuta in conformità alla legge e all'art. 15 dello Statuto.

Abbiamo preso conoscenza e vigilato, per quanto di nostra competenza, sull'osservanza della legge e dell'atto costitutivo, nonché sul rispetto dei principi di corretta amministrazione, tramite osservazioni dirette, raccolta di informazioni dai responsabili delle funzioni aziendali e dal Dirigente Preposto alla redazione dei documenti contabili societari, incontri con la Società di Revisione legale ai fini del reciproco scambio di dati ed informazioni rilevanti, ai sensi dell'art 150, comma 3, del D.Lgs. 58/1998.

Siamo stati informati sulle operazioni di maggior rilievo economico, finanziario e patrimoniale ed anche su quelle con società controllate e parti correlate, delle quali è stata data corretta informativa nella Relazione sulla Gestione e nella Nota Integrativa, che sono regolate a condizioni di mercato e sono state effettuate nel rispetto della normativa. La

Banca non ha effettuato, né con parti correlate né con soggetti diversi dalle parti correlate, operazioni "di natura atipica o inusuale" che per significatività/rilevanza possano aver dato luogo a dubbi in ordine alla salvaguardia del patrimonio aziendale e alla tutela degli azionisti di minoranza. In generale, le operazioni effettuate dalla società non sono risultate imprudenti o azzardate, né in potenziale conflitto di interessi né in contrasto con le delibere assunte dall'assemblea o tali da compromettere l'integrità del patrimonio aziendale.

Non abbiamo riscontrato l'esistenza di operazioni atipiche e/o inusuali.

Abbiamo valutato positivamente la rispondenza all'interesse sociale per tutte le operazioni esaminate.

La Società di revisione legale ci ha informato che, nel corso della sua attività di revisione e di verifica dei dati per il bilancio e nel corso delle verifiche trimestrali, non è venuta a conoscenza di atti o fatti ritenuti censurabili e degni di segnalazione. Essa ha rilasciato in data 26 marzo 2015 le relazioni ai sensi dell'art. 14 del d.lgs. n. 39 del 27 gennaio 2010, nelle quali si attesta che il bilancio dell'esercizio e il bilancio consolidato al 31 dicembre 2014 rappresentano in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico, le variazioni del patrimonio netto ed i flussi finanziari della Banca e del Gruppo e che la relazione sulla gestione è coerente con il bilancio.

Non abbiamo rilevato ulteriori incarichi conferiti alla Società di revisione legale, né a soggetti legati alla Società di revisione legale stessa da rapporti continuativi, salvo l'incarico attribuito per i c.d. servizi di attestazione (sottoscrizione dei modelli fiscali IRAP, Unico, CNM e 770 semplificato e ordinario) compatibile con la revisione legale. Non sono emersi aspetti critici in materia di indipendenza della società di revisione come risulta anche dalla specifica conferma annuale di indipendenza ai sensi dell'art. 17 comma 9 lett. a) del D.lgs. 39/2010, rilasciata dalla Ernst & Young in data 25 marzo 2015.

Non abbiamo ricevuto denunce ex art. 2408 c.c. né sono stati ricevuti esposti.

Abbiamo avuto dal Consiglio di Amministrazione assicurazioni circa il rispetto degli obblighi di comunicazione con le società controllate, previsti dall'art. 114, comma 2, del D.Lgs. 58/1998, per consentire una completa e corretta informativa. Ed in tale ambito abbiamo proceduto allo scambio di informazioni con i Collegi sindacali delle società controllate anche mediante riunione collegiale. Nei contatti con i corrispondenti organi di controllo delle società controllate non sono emersi aspetti di particolare rilievo.

Per quanto di nostra competenza, abbiamo verificato l'adeguatezza della struttura organizzativa della Banca e del suo funzionamento.

Abbiamo vigilato sul sistema di controllo interno della Banca valutandone l'adeguatezza utilizzando anche a questo fine le riunioni con il Comitato controllo e rischi, gli incontri con i responsabili delle funzioni di compliance, antiriciclaggio, internal auditing e controllo rischi ed avvalendoci, inoltre, delle relazioni annuali di tali funzioni aziendali.

Dall'analisi compiuta emerge altresì la correttezza dell'impostazione del sistema *amministrativo contabile che consideriamo idoneo a soddisfare le esigenze relative sia al monitoraggio dei fatti di gestione che alla formazione e rappresentazione dei dati dell'esercizio, dati che vengono presentati nel rispetto della circolare della Banca d'Italia n. 262 del 22 dicembre 2005 e con l'adozione dei principi contabili IAS/IFRS descritti nella nota integrativa. A tal proposito abbiamo preso atto delle attestazioni rilasciate dall'Amministratore delegato e dal Dirigente Preposto alla redazione dei documenti contabili della Banca in merito all'adeguatezza – in relazione alle caratteristiche dell'impresa – e all'effettiva applicazione nel corso del 2014 delle procedure amministrative e contabili per la formazione del bilancio separato e consolidato.*

In particolare, ai sensi dell'art. 2426 del Codice Civile concordiamo con l'iscrizione dell'avviamento nelle attività di stato patrimoniale.

La Banca ha adottato ed aggiornato il Modello Organizzativo 231, ai sensi del D. Lgs. 231/2001 e successive integrazioni, al fine di prevenire la commissione di reati che possano comportare una responsabilità della Società. Ricordiamo che il Consiglio di Amministrazione ha deliberato di avvalersi della facoltà prevista dalla legge di attribuire al Collegio sindacale le funzioni dell'organismo di vigilanza di cui al comma 1, lettera b) dell'articolo 6 del detto decreto legislativo n. 231 dell'8 giugno 2001, con conseguente superamento del preesistente Organismo di Vigilanza 231. Conseguentemente il Collegio sindacale della Banca svolge le funzioni di organismo di vigilanza ai sensi del decreto legislativo 231/2001 e ne riferisce con propria Relazione, di norma su base semestrale, al Consiglio di Amministrazione.

Nel corso dell'attività di verifica, come sopra descritta, non sono emersi fatti significativi tali da richiedere la segnalazione agli Organi di Vigilanza o la menzione nella presente relazione. Non è stato necessario presentare all'assemblea le proposte così come previsto dall'art. 153 comma 2 del D.lgs. 58/98, né il Collegio si è avvalso del potere di convocazione dell'assemblea o del Consiglio di Amministrazione.

Abbiamo preso atto che, in ottemperanza all'art. 123-bis del D.Lgs. 58/1998, la Banca – aderente al Codice di Autodisciplina del Comitato per la Corporate Governance delle Società quotate – ha elaborato la Relazione sul Governo Societario.

Si fa presente che il Consiglio di Amministrazione ha istituito il comitato per le nomine e che il comitato si è riunito n.2 volte nel corso dell'anno.

Allo stesso modo si fa presente che è stato istituito il comitato per la remunerazione, riunitosi n.4 volte nel corso dell'anno.

Il Consiglio di Amministrazione vigila sul generale andamento della gestione, con particolare attenzione alle situazioni di conflitto di interessi, tenendo in considerazione, in particolare, le informazioni ricevute dall'amministratore delegato, dal comitato Controllo e Rischi, nonché confrontando periodicamente i risultati conseguiti con quelli programmati. Allo stesso modo il Consiglio di Amministrazione esamina e approva le operazioni aventi un *significativo rilievo economico, patrimoniale e finanziario, con particolare riferimento alle operazioni con parti correlate.*

Rileviamo che nel Consiglio di Amministrazione sono presenti tre amministratori indipendenti e riteniamo che il numero di consiglieri indipendenti sia adeguato rispetto alla composizione dell'intero Consiglio.

Si rileva inoltre che l'Amministratore delegato rende periodicamente conto al Consiglio di Amministrazione delle attività svolte nell'esercizio delle deleghe.

Abbiamo, nel corso dell'esercizio 2014, inoltre:

- *rilasciato parere favorevole in ordine alla determinazione dei compensi degli Amministratori con particolari cariche deliberate dal Consiglio di amministrazione, per i quali anche il Comitato per la Remunerazione ha espresso parere favorevole*
- *espresso voto favorevole ai sensi art. 136 D. Lgs n. 385/1993 e successive modifiche su operazioni creditizie;*
- *espresso parere favorevole alla cooptazione di un consigliere;*
- *accertato che i requisiti di indipendenza già riscontrati all'atto di nomina permangano.*
- *seguito il processo di formazione e approvazione del resoconto ICAAP*

Tenuto conto di tutto quanto precede, sotto i profili di nostra competenza e valutato positivamente la proposta di distribuzione dei dividendi, non rileviamo motivi ostativi circa l'approvazione del bilancio al 31 dicembre 2014 e le proposte di delibera formulate dal Consiglio di Amministrazione.

Il mandato conferito al Collegio Sindacale dall'Assemblea del 26 aprile 2012 viene a scadere con l'Assemblea convocata per l'approvazione del bilancio al 31 dicembre 2014. Vi invitiamo pertanto ad assumere le relative determinazioni di competenza.

Roma, 26 marzo 2015

IL COLLEGIO SINDACALE

Alberto De Nigris

Alessandro de' Michelis

Francesco Minnetti

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Relazione della società di revisione
ai sensi degli artt. 14 e 16 del D.Lgs. 27.1.2010, n. 39

Agli Azionisti
della Banca Finnat Euramerica S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio d'esercizio, costituito dallo stato patrimoniale, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario e dalla relativa nota integrativa della Banca Finnat Euramerica S.p.A. chiuso al 31 dicembre 2014. La responsabilità della redazione del bilancio in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/2005, compete agli amministratori della Banca Finnat Euramerica S.p.A. È nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Il bilancio presenta ai fini comparativi i dati dell'esercizio precedente. Come illustrato nella nota integrativa, gli amministratori hanno rideterminato alcuni dati comparativi relativi all'esercizio precedente, rispetto ai dati precedentemente presentati e da noi assoggettati a revisione contabile, sui quali avevamo emesso la relazione di revisione in data 26 marzo 2014. Le modalità di rideterminazione dei dati comparativi e la relativa informativa presentata nella nota integrativa, sono state da noi esaminate ai fini dell'espressione del giudizio sul bilancio chiuso al 31 dicembre 2014.

3. A nostro giudizio, il bilancio d'esercizio della Banca Finnat Euramerica S.p.A. al 31 dicembre 2014 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/2005; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico ed i flussi di cassa della Banca Finnat Euramerica S.p.A. per l'esercizio chiuso a tale data.

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4. La responsabilità della redazione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari in conformità a quanto previsto dalle norme di legge e dai regolamenti compete agli amministratori della Banca Finnat Euramerica S.p.A.. È di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione e delle informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b) dell'art. 123-bis del D.Lgs. 58/98, presentate nella relazione sul governo societario e gli assetti proprietari, con il bilancio, come richiesto dalla legge. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b) dell'art. 123-bis del D.Lgs. 58/98 presentate nella relazione sul governo societario e gli assetti proprietari sono coerenti con il bilancio d'esercizio della Banca Finnat Euramerica S.p.A. al 31 dicembre 2014.

Roma, 26 marzo 2015

Reconta Ernst & Young S.p.A.

Alberto M. Pisani
(Socio)

BANCA FINNAT GRUPPO BANCA FINNAT

CERTIFICATION OF THE STATUTORY FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS AMENDED

1. The undersigned Arturo Nattino, acting in the capacity of Managing Director, and Paolo Collettini, acting in the capacity of Manager in charge of preparing corporate reports and accounting documents of Banca Finnat Euramerica S.p.A., hereby certify, also with regard to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

   - the adequacy, as regards the characteristics of the company, and
   - the effective application,

   of the administrative and accounting procedures, in respect of the formation of the statutory financial statements during the 2014 financial year.

2. No significant matters emerged, with respect thereto.

3. The undersigned also certify that:
   3.1 The statutory financial statements:
      a. have been prepared in accordance with the applicable international accounting standards approved by the European Community, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
      b. correspond to the entries in the accounting books and records;
      c. provide a true and fair account of the equity, performance and financial situation of the issuing company.
   3.2 The report on operations includes a reliable analysis of the performance and operating income, as well as of the situation of the issuer, together with the description of the main risks and uncertainties to which they are exposed.

Rome, 12 March 2015

The Managing Director

(Arturo Nattino)

The Manager in charge of preparing the accounting documents

(Paolo Collettini)

CORPORATE GOVERNANCE REPORT DRAWN UP IN ACCORDANCE WITH ARTICLE 123-BIS OF THE ITALIAN CONSOLIDATED FINANCIAL LAW (YEAR ENDED 31 DECEMBER 2014)

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1 ISSUER PROFILE

Following an in-depth self-assessment, Banca Finnat Euramerica S.p.A. has held the corporate governance and organisation model based on the ‘traditional’ system to be fully valid. With this report, the Bank therefore supplies the annual disclosure on the Corporate Governance model currently adopted by the Bank.
At the meeting held on 9 February 2012, the Board of Directors acknowledged the content of the document issued by the Bank of Italy on 11 January 2012, relating to the “Application of the supervisory provisions on the subject of the organisation and corporate governance of banks”, which confirms and further details the provisions already in force; having regard to the fulfilments set out in the process of self-assessment by the BoD, in view of which the Directors are invited to fill in a specific Questionnaire, a specific Report was prepared summarising, inter alia, the key results that have emerged; the document was then approved by the Board of Directors and sent to the Bank of Italy on 30 March 2012.
The Shareholders’ Meeting held on 26 April 2012 elected the members of the BoD and of the Board of Statutory Auditors, whose term of office will expire at the approval of the financial statements at 31 December 2014.
With regard to the provisions of Article 36 of Italian Law Decree No. 201 of 6 December 2011, amended and converted into Italian Law No. 214 of 22 December 2011 laying down “Urgent provisions for the growth, fairness and consolidation of public accounts”, and the formalities required by the “Criteria for the enforcement of Article 36 of Italian Law Decree “Salva Italia” (the so-called “interlocking prohibition”)”, relating to company employees and the members of the BoD and Board of Statutory Auditors of our Bank appointed at the Shareholders’ Meeting of 26 April 2012, we have made the necessary assessments on 18 December 2014.
The Board of Directors, at the meeting held on 2 August 2013, revised and supplemented the “Regulation for Related Party Transactions and for the assumption of risk assets with regard to Related Parties”, with the purpose of defining tasks and responsibilities and identifying the rules governing the approval and implementation of related party transactions carried out by Banca Finnat directly, or through subsidiaries, with a view to ensuring the transparency and correctness, both in substantive and procedural terms, of said transactions.
As a result of the Communication of 30 October 2012 of the Bank of Italy, the Shareholders’ Meeting of 24 April 2013 resolved in favour of amendments to the articles of association with regard to the obligation for the listed companies to adjust the composition of their company bodies in order to ensure gender balance.

2 INFORMATION ON SHAREHOLDERS (ARTICLE 123-BIS, PARAGRAPH 1, ITALIAN CONSOLIDATED FINANCIAL LAW) (AT 31 DECEMBER 2014)

a) share capital structure (Article 123-bis, paragraph 1/a), Italian Consolidated Financial Law)
The share capital of Banca Finnat Euramerica S.p.A. amounts to 72,576,000.00 euros, fully paid-in, consisting of 362,880,000 ordinary shares, all with a nominal value of 0.20 euros. Shares in Banca Finnat Euramerica S.p.A. are all listed in the STAR segment of the Borsa Italiana.
The Shareholders’ Meeting approved a Stock option plan with the reference period of the years 2011/2016, in favour of the management of the Company and of its subsidiaries. The details of the Stock Option Plan are provided in the Remuneration Report per Article 123-ter of the Italian Consolidated Financial Law and the Plan is available on the website www.bancafinnat.it in the corporate governance section.

On 28 April 2014, the Shareholders' Meeting authorised a new plan for the purchase, from 29 April 2014 and until 28 April 2015, of up to a revolving number of 5,000,000 ordinary treasury shares in addition to those already in the portfolio and, otherwise, for a maximum additional value of no more than 3,000,000 euros for a unit price, for each individual transaction, no higher or lower than by 8% with respect to the reference price recorded in the previous Stock Market session, and, in any case, limited to 2,177,280 euros, with 12 months of validity, to be carried out in accordance with the criteria prescribed by Delegated Regulation (EU) no. 241/2014, and in particular with the provisions of Article 29.3 thereof, with the purpose of supporting trades (market making).
At 31 December 2014, Banca Finnat Euramerica held 25,105,632 treasury shares for a book value of 12,410 thousand euros.

b) Restriction to the transfer of securities (Article 123-bis, paragraph 1/b), Italian Consolidated Financial Law).
In addition to the provisions of current legislation concerning the investment in the share capital of a bank, there are no other restrictions to the transfer of Company shares.

c) Major shareholders (Article 123-bis, paragraph 1/c), Italian Consolidated Financial Law)
The Bank's shares are placed in the central management system for uncertified securities with Monte Titoli S.p.A.
The main equity investments as shown in the communications pursuant to Article 120 of the Italian Consolidated Financial Law are those indicated in Table 1 hereto.

d) Securities granting special rights (Article 123-bis, paragraph 1/d), Italian Consolidated Financial Law).
No securities have been issued granting special control rights.

e) Shares held by employees: mechanism for exercising voting rights (Article 123-bis, paragraph 1/e) Italian Consolidated Financial Law)
At 31 December 2014, there are share participation schemes for employees, which do not provide for the exercise of voting rights by third parties.

f) Restriction to voting rights (Article 123-bis, paragraph 1/f), Italian Consolidated Financial Law).
No restrictions to voting rights are envisaged.

g) Shareholder agreements (Article 123-bis, paragraph 1/g), Italian Consolidated Financial Law)
The Directors are not aware of the existence of any significant shareholder agreement in accordance with Article 122 of the Italian Consolidated Financial Law.

h) Change of control clauses (Article 123-bis, paragraph 1/h) Italian Consolidated Financial Law) and provisions established by the Articles of Association on takeover bids (pursuant to Articles 104, paragraph 1-ter and 104-bis, paragraph 1, Italian Consolidated Financial Law)
The shareholders' agreement signed by the Company on 26 February 2013 in relation to the investment held in Beni Stabili Property Service S.p.A. ("**BSPS**"), accounting for 36% of the share capital, requires that, should a third party acquire the control of the Company (or of the subsidiary Investire Immobiliare SGR S.p.A., "**SGR**"),

and this change of control determines the rescission or change in pejorative terms for BSPS of the terms and conditions of the supply contract of property and facility management services entrusted by SGR to BSPS, B.S. 7 S.p.A. ("**BS7**", company of the Beni Stabili Group) will have the right to exercise, at the BS7's option, under the terms and conditions provided by the shareholders' agreement, an option for the purchase by the Company of the entire equity investment held in BSPS, or, alternatively, a put option to the Company of the entire equity investment held by BS7 in BSPS and the Company will be obliged to sell or purchase the considered equity investment; the above subject to offering in pre-emption to Regia and to CTR a proportional portion of the investment; if Regia and CTR do not exercise the right of pre-emption, they will be entitled to a put option with regard to - depending on the circumstances - BS7 and Finnat.

The Articles of Association of Banca Finnat do not make exceptions to the passivity rules established by Article 104, paragraphs 1 and 2, of the Italian Consolidated Financial Law nor to the application of the neutralisation rules laid down by Article 104-bis, paragraphs 2 and 3, of the Italian Consolidated Financial Law.

i) Delegations to increase the share capital and authorisations to purchase own shares (Article 123-bis, paragraph 1/m) Italian Consolidated Financial Law)

No powers were delegated for capital increases, nor are Directors granted the power to issue investment financial instruments.

The Bank of Italy with measure no. 1039475/11 of 19 December 2011 issued the authorisation to purchase own shares accounting for more than 5% of the share capital, within the maximum limit of 10 million euros.

On 28 April 2014, the Shareholders' Meeting authorised a new plan for the purchase, from 29 April 2014 and until 28 April 2015, of up to a revolving number of 5,000,000 ordinary treasury shares in addition to those already in the portfolio and, otherwise, for a maximum additional value of no more than 3,000,000 euros for a unit price, for each individual transaction, no higher or lower than by 8% with respect to the reference price recorded in the previous Stock Market session, and, in any case, limited to 2,177,280 euros, with 12 months of validity, to be carried out in accordance with the criteria prescribed by Delegated Regulation (EU) no. 241/2014, and in particular with the provisions of Article 29.3 thereof, with the purpose of supporting trades (market making).

l) Management and coordination (pursuant to Article 2497 et seq. of the Italian Civil Code)

The Bank is not subject to Management and Coordination pursuant to Article 2497 et seq. of the Italian Civil Code. The information required by Article 123 bis, paragraph 1 letter i) and letter l) of the Italian Consolidated Financial Law) is respectively explained in paragraph 4.1 (Board of Directors - appointment and replacement) and in paragraph 9 (Remuneration of directors) of this Report.

3 COMPLIANCE (ARTICLE 123-BIS, PARAGRAPH 2/A) ITALIAN CONSOLIDATED FINANCIAL LAW)

In accordance with the provisions of Article 123-bis, paragraph 2, letter a) of the Italian Consolidated Financial Law, we would specify that Banca Finnat Euramerica S.p.A adheres to the Governance Code of Borsa Italiana S.p.A. of 2012.

The Governance Code is published on the website www.borsaitaliana.it in the /Rules/Corporate Governance section and can also be viewed on the bank's website www.bancafinnat.it in the Investor Relations/Corporate Governance section.
The Corporate Governance structure of Banca Finnat is not affected by provisions of any non-Italian law.

4 BOARD OF DIRECTORS

4.1 Appointment and replacement (Article 123-bis, paragraph 1/l) Italian Consolidated Financial Law)
In accordance with the provisions of Article 12 of the Articles of Association, according to the resolution taken by the Shareholders' Meeting, the Board of Directors consists of a minimum of five and a maximum of eleven members. There must always be an odd number. The directors stand in office for three years. Their office expires on the data of the Shareholders' Meeting called to approve the financial statements pertaining to the last year of their office. Should the majority of the directors elected by the Shareholders' Meeting cease their office due to standing down, death or other causes, the entire Board is considered as having stood down and any director remaining in office must call the Shareholders' Meeting urgently to reconstitute the Board.

The entire Board of Directors is appointed on the basis of lists presented by the Shareholders, in which candidates must be listed with a progressive number. Lists must be presented to the Company at least fifteen days prior to the date established for the first calling of the Meeting. The lists must be made available to the public at the registered offices and published on the Company's website without delay and, in any case at least ten days prior to the date established for the first calling of the Meeting.

Each Shareholder or party adhering to a significant shareholders' agreement in accordance with Article 122 of Italian Legislative Decree no. 58 dated 24 February 1998, the respective controlling parties, the subsidiaries and joint control parties in accordance with Article 93 of Italian Legislative Decree no. 58 dated 24 February 1998, may only present, or participate in the presentation of a single list. They may not present or participate in the presentation of more than one list, directly or through a third party or trustee company. Subscriptions and votes cast in breach of this prohibition will not be assigned to any list. Only Shareholders who alone or jointly with other shareholders hold a total of 2.5% of the share capital with voting rights in the Company's Ordinary Shareholders' Meetings may present lists. Alternative measures may be established by fundamental provisions of law or regulations that will be stated, if applicable, in the notice calling the Meeting. In order to prove ownership of the number of shares necessary to present lists, at the same time Shareholders must provide the Company with the specific certificate issued by a broker qualified in accordance with the law. Together with each list, within the terms of its publication and filing with the registered offices, declarations must also be filed and published by which the individual candidates: (i) accept their candidature and certify, under their own liability, that there is no reason for which they should not be elected or are incompatible with the office, and that they meet the requirements of professionalism and honour and, where applicable, independence, required by current legislation; (ii) supply full information on their personal and professional characteristics; and (iii) supply the further information required by provisions of law and regulations. Lists presented that do not comply with the above provisions shall be considered as not presented. Should there be more than seven members of the Board of Directors, each list must contain at least two candidates in possession of the requirements of independence established for auditors by current legislation. Should, on the other hand, there be fewer than seven members of the Board of Directors, each list must contain at least one candidate in possession of the requirements of independence established for auditors by current legislation. One of the candidates in possession of these requirements of independence must be included in the first place of each list. Where more than one list is voted, members of the Board of Directors will be elected as follows:

a) where the relevant Meeting resolution determines a Board of Directors comprising eleven members, six directors shall be elected in the progressive order in which they are listed, from the list that has obtained the greatest number of votes. Where the relevant Meeting resolution determines a Board of Directors comprising nine members, five directors shall be elected in this way, or four where the Board of Directors shall consist of seven members, or three where the Board of Directors shall consist of five members, and
b) where the relevant Meeting resolution determines a Board of Directors comprising eleven members, five directors shall be elected in the progressive order in which they are listed, from the minority list that has obtained the greatest number of votes. Where the relevant Meeting resolution determines a Board of Directors comprising nine members, four directors shall be elected in this fashion, or three where the Board of Directors shall consist of seven members, or two where the Board of Directors shall consist of five members.

Each share gives the right to one vote. Should only one list be presented, or should no lists be presented, the Meeting shall resolve with the majorities prescribed by the law, without applying the above procedure. Should one or more Directors cease their office during the year, as long as the majority of the Board continues to comprise Directors appointed by the Meeting, the following shall take place in accordance with Art. 2386 of the Italian Civil Code: i) the Board of Directors shall appoint replacements from candidates pertaining to the same list to which the Directors who have ceased their office pertained, in progressive order starting from the first who had not been elected. This is without prejudice to the fact that where the replacement must meet the independence requirements, the first independent candidate from the same list who had not been elected, shall be appointed; ii) should no candidates (or independent candidates) remain on the list who had not previously been elected, the Board of Directors shall replace the Directors who have ceased their office without applying the provisions of point i). With regards to the members of the BoD, the Issuer shall, in addition to the provisions of the Italian Consolidated Financial Law, be subject to the provisions of the Governance Code of listed companies.

With the approval of Italian Law no. 120 of 12 July 2011, effective as from 12 August 2011, laying down "amendments to the consolidated law of provisions on financial intermediation, set forth in Italian legislative decree no. 58 of 24 February 1998, concerning the equal access to the members of the governing and supervisory bodies of the companies listed on regulated markets", it was necessary to change some clauses of the Articles of Association and the new text was proposed and approved by the Shareholders' meeting of 24 April 2013.

In particular, the Shareholders' Meeting approved the following amendments to the Articles of Association:

- Art. 9 – the provision concerning the electronic methods for notifying the proxy was amended. The purpose of the amendment was to allow the Company to use every possible form of electronic notification required by applicable provisions, upon indication of it in the notice calling the meeting.

- Art. 12 - The amendments of Article 12 concern, in addition to some mere details of style, the provision of the right to appoint a Honorary Chairman, should the bodies of the Company wish to recognise this title to individuals who distinguished themselves due to their contribution in time in favour of the Company.
- Art. 12-bis - The amendments to Article 12-bis concern, among other things, the process for presenting the lists for the appointment of the administrative body. In this regard, in the light of the indications contained in the Issuers' Regulation, it seems appropriate to specify in more detail the list of documents that must be produced by those entitled when presenting the lists. For the same purposes of clarity, the number of independent candidates that must be indicated in each list is specified.
  A further amendment concerns the methods of distribution of the directors to be elected among the majority and the minority list, always in compliance with the principles of the Italian Consolidated Financial Law concerning the appointment of the company bodies and, more in particular, minority representation.
  Finally, the cases of replacement of directors are regulated more in detail in accordance with the applicable principles and the current practice.
- Art. 20 – In line with the provisions of Italian ministerial decree no. 162 of 30 March 2000, it is specified in more detail the list of documents that must be produced by those entitled when presenting the lists.

Finally, the attendance threshold required for presenting the list of candidates for the appointment of the board of statutory auditors is fixed at 2% - compared to the previous 1%. This change is justified in the light of the current level of capitalisation of the Company that decreased significantly over the last few years. Moreover, we would mention that pursuant to Article 144-sexies of the Issuers' Regulation, if, on the deadline for the presentation of the lists, only one list has been presented or only lists presented by shareholders significantly related to one another, lists may be presented for a further three days and the attendance thresholds required by the Articles of Association are reduced by half. This provision was originally entered in the Issuers' Regulations with Consob resolution no. 15915 of 3 May 2007, when the Articles of Association of the Company already fixed the threshold under review at 1%. Therefore, should the conditions of application of the said provision occur, the shareholders who - alone or jointly with others - hold an interests of at least 1%, would be allowed to present their list of candidates to the office of auditor. Finally, we note that the proposed threshold of 2% is still less than the maximum allowed, equal to 2.5% of the share capital (see Consob resolution no. 18083 of 25 January 2012).

Considering its size and current structure, the Bank has not considered it necessary to set up specific director succession plans. The continuity and certainty of management is, however, guaranteed by the timely replacement of directors in accordance with the provisions of the articles of association.

4.2 Members (Article 123-bis, paragraph 2/d), Italian Consolidated Financial Law)

The Board of Directors was appointed by the Shareholders' Meeting of 26 April 2012 and will remain in office until approval of the financial statements at 31 December 2014. All the Directors are appointed from among the only list of candidates presented by the relative majority shareholder, Arturo Nattino, except for Roberto Cusmai whose candidature was presented as a replacement of Tommaso Gozzetti (indicated as candidate in the same list) following the withdrawal by Gozzetti of his own candidature. The Shareholders' Meeting approved the appointment of the Board of Directors with the favourable vote of 99.99% of the voting share capital (accounting for 73.92% of the share capital).

At 31 December 2014, the members of the Board of Directors were as follows:

1. **Ermanno Boffa**, born in Pederobba (Treviso) on 19 August 1966 – Italian national – taxpayer ID Number BFF RNN 66M19 G408H. He has carried out auditing work as Member of the Board of Statutory Auditors: of Nordica S.p.A; of FIBI S.p.A since 21 June 2004, of Biasuzzi S.p.A from 21 June 2004 to the present day. Length of office from the first appointment: 5 years;
2. **Leonardo Buonvino**, born in Bari on 12 March 1937 – Italian national – taxpayer ID Number BNV LRD 37C12 A662S. He carried out administration and auditing work from 1979 to 2001 for COFIRI S.p.A. as Managing Director. Length of office from the first appointment: 8 years;
3. **Francesco Caltagirone**, born in Rome on 28 October 1968 – Italian national – taxpayer ID Number CLT FNC 68R29 H501B. He carried out administration and auditing work from 1997 to 1999 for Cementir S.p.A. as Managing Director and for Vianini Industria S.p.A. from 1996 to 2000 as Chairman of the Board of Directors. Length of office from the first appointment: 11 years;
4. **Carlo Carlevaris**, born in Naples on 5 August 1931 – Italian national – taxpayer ID Number CRL CRL 31M05 F839E. He carried out administration and auditing work from 1979 to 2003 for Terme Demaniali di Acqui S.p.A. as Chairman of the Board of Directors. Length of office from the first appointment: 11 years;
5. **Roberto Cusmai**, born in Rome on 28 November 1943 – Italian national – taxpayer ID Number CSM RRT 43S28 H501U. He served as Deputy General Manager in Fideuram S.p.A. from 1986 to 1992, in Banca Fideuram S.p.A. from 1992 to 1997 and in Istituto Nazionale delle Assicurazioni (National Insurance Institute) from 1997 to 2001. From 2004 to 2007, he was Sole Director of Consorzio Agenzia Generale of Rome Ina - Assitalia (Generali Group). Length of office from the first appointment: 2 years;
6. * **Angelo Nattino**, born in Rome on 14 August 1937 – Italian national – taxpayer ID Number NTT NGL 37M14 H501Y. He carried out administration and auditing work from 1992 to 1998 for Finnat Euramerica SIM S.p.A. as Deputy Chairman of the Board of Directors and for Banca Finnat Euramerica S.p.A. from 1998 to date as Deputy Chairman of the Board of Directors. Length of office from the first appointment: 10 years;
7. **Arturo Nattino**, born in Rome on 28 January 1964 – Italian national - taxpayer ID Number NTT RTR 64A28 H501G. He was involved in administrative and auditing activities as General Manager for Banca Finnat Euramerica S.p.A. and Member of the Board of Directors for Terme Demaniali di Acqui S.p.A. Length of office from the first appointment: 5 years;
8. **Giampietro Nattino**, born in Rome on 9 June 1935 – Italian national – taxpayer ID Number NTT GPT 35H09 H501V. He carried out administration and auditing work from 1998 to 14 May 2009 for Banca Finnat Euramerica S.p.A as Managing Director. Length of office from the first appointment: 11 years;
9. **Giulia Nattino**, born in Rome on 13 September 1974, – Italian national – taxpayer ID Number NTT GLI 74P53 H501X. She was a member of the Board of Directors for Finnat Fiduciaria S.p.A. from 21 April 2006 and Sole Director of Finnat Immobiliare Srl from 15 December 2005. Length of office from the first appointment: 1 year;
10. **Marco Tofanelli**, born in Rome on 22 August 1962 – Italian national – taxpayer ID Number TFN MRC 62M22 H501 T. He has served as the General Secretary of Assoreti (National Association of the Banks and SIMs – brokerage companies – that provide investment services) from 1995 to the present day; as Member of the National Guarantee Fund Management Committee from 1998 to the present day. He

has served as Managing Director of Assoreti Formazioni Studi e Ricerche S.r.l. from 2006 to the present day. Length of office from the first appointment: 4 years.

11. **Lupo Rattazzi**, born in Lausanne (Switzerland) on 25 January 1953 – Italian national - taxpayer ID Number RTT LPU 53A25 Z133M. He has carried out administration and auditing work from 2003 to the present day for the company I.F.I. Istituto Finanziario Industriale S.p.A as member of the Board of Directors and from 1988 to 2000 for the company Air Europe as Chairman of the Board of Directors. Length of office from the first appointment: 6 years.
12. * **Saverio Rizzuti**, born in Rome on 27 October 1948 - Italian national – taxpayer ID Number RZZSVR48R27H501J. He has carried out administration and auditing work from 15 December 2005 as Sole Director of Finnat Real Estate Srl and ii) and as Head of the Legal and Corporate Office of Banca Finnat since 3 March 2003. Length of office from the first appointment: since 25 September 2014.

* The Board of Directors, as a result of the passing of Mr. Angelo Nattino on 10 June 2014, at its meeting of 25 September 2014, appointed by co-optation Attorney Saverio Rizzuti, who shall remain in office until the approval of the financial statements as at 31 December 2014.

On the date of approval of this Report, the members of the Board of Directors were as follows:

Director	Position	Qualification
Carlo Carlevaris	Honorary Chairman	Non-executive, non-independent
Giampietro Nattino	Chairman	Non-executive, non-independent
Leonardo Buonvino	Deputy Chairman	Executive, non-independent
Arturo Nattino	Managing Director	Executive, non-independent
	General Manager	
Ermanno Boffa	Board Director	Non-executive, independent*
Francesco Caltagirone	Board Director	Non-executive, non-independent
Roberto Cusmai	Board Director	Non-executive, independent*
Giulia Nattino	Board Director	Non-executive, non-independent
Marco Tofanelli	Board Director	Non-executive, independent*
		Lead Independent Director
Lupo Rattazzi	Board Director	Non-executive, non-independent
Saverio Rizzuti	Board Director	Executive, non-independent

* Independent according to the criteria of Article 148 of the Italian Consolidated Financial Law and of the Corporate Governance Code.

In relation to the express provisions of Point 1.C of the Governance Code, the Board decided to express its guidance with regards to the maximum number of offices of director or auditor held by its members, in order that such be considered compatible for the efficient performance of the task assigned them with the Bank.

As such, the Board specified 15 (excluding group companies) as the maximum number of offices that may be held in financial, banking, insurance or significant size companies.

The above in compliance with the regulations set forth in Article 36 of Italian Law Decree "Salva Italia" (the so-called "interlocking prohibition").

The members of the Board of Directors on the date of this Report also hold the following offices in the administrative bodies of other companies listed on regulated markets in Italy and abroad, in financial, banking, insurance or significant size companies.

Name	Position	Company
Ermanno Boffa	Director Director Permanent Auditor Permanent Auditor	Investire Immobiliare Sgr SpA Beni Stabili Property Service S.p.A. Friulia Veneto Sviluppo SGR Spa FINBI S.p.A.
Leonardo Buonvino	Director	Edindustria S.p.A.
Francesco Caltagirone	Chairman and Managing director Director Director Deputy Chairman Deputy Chairman Director Deputy Chairman	Cementir Holding S.p.A. Caltagirone S.p.A. Caltagirone Editore S.p.A Aalborg – Portland A/S Cimentas A.S. Acea S.p.A Cimbeton AS
Carlo Carlevaris	Deputy Chairman Director Director Director Director Director	Cementir Holding S.p.A. Caltagirone S.p.A. Immobiliare Caltagirone S.p.A. Vianini Lavori S.p.A Vianini Industria S.p.A. Il Messaggero S.p.A.
Roberto Cusmai	–	–
Arturo Nattino	Chairman Chairman Director Director Director	Investire Immobiliare SGR S.p.A Beni Stabili Property Service S.p.A. Finnat Fiduciaria SpA Finnat Gestioni SA Sigefi Italia Private Equity
Giampietro Nattino	Chairman Deputy Chairman Director Director Director	Finnat Gestioni S.A. Sigefi Italia Private Equity S.p.A. London Stock Exchange plc Caltagirone Editore S.p.A. Fedra Fiduciaria S.r.l.
Giulia Nattino	Director	Finnat Fiduciaria SpA
Lupo Rattazzi	Director Director Chairman	EXOR SPA GL Investimenti Srl Neos S.p.A.
Marco Tofanelli	Director Director Director	Investire Immobiliare S.G.R. S.p.A. GMR S.r.l. Armònia SGR SPA

Non-executive directors are, in terms of number and authority, sufficient to guarantee that their opinion is of a suitable weight in taking board resolutions. Non-executive Directors bring their general and specific competences to board discussions, helping take resolutions that comply both with the company's interests and the principles of healthy and prudent management.

Induction program

During the 2014 financial year, the members of the Board of Directors were invited by the Chairman to attend, on a regular basis, economic, legal and financial initiatives affecting the Company operations. In particular, they were invited to attend the following conventions: ABI convention on directors' duties and responsibilities; the half-yearly meetings on the economic scenario; the conventions entitled "Real estate investments: risks and opportunities"; "Innovative finance for energy"; "Private Equity Mini bonds and AIM".

4.3 Role of the board of directors (Article 123-bis, paragraph 2/d), Italian Consolidated Financial Law)

In 2014, 10 meetings of the Board of Directors were held, all of an average duration of 1.30 hours. During 2015, 2 meetings have already been held and a further 4 are scheduled.

In accordance with the Articles of Association, all meetings are called by providing at least 5 days notice. In order to guarantee the timing, the meeting is called by e-mail or fax. Documents in relation to the items on the agenda are also sent by these same means. In compliance with the recommendations of the Governance Code, the Board meetings are held by dedicating to the items on the agenda the time required for allowing a constructive debate and the contribution of the Directors.

As a rule, the Joint General Manager is invited to attend the Board meetings; the heads of the audit functions and the key executives are invited to attend as well, depending on the items in the agenda.

The Bank established an IT platform to which every member of the Board of Directors or of the Board of Statutory Auditors can access with his/her own credentials to consult the documents produced by the meetings of the Board of Directors.

The documents are published on the platform approximately 5 days before the date of the meeting.

The Articles of Association grant the Board of Directors the broadest powers of Bank ordinary and extraordinary administration. More specifically, they grant the faculty to carry out all acts and deeds it may hold appropriate for the implementation and attainment of the corporate purpose, only excluding any act that the law reserves to the Shareholders' Meeting.

More specifically, the Board of Directors:

i) assessed, on the basis of information acquired from the appointed bodies (Managing Director, General Manager, Joint General Manager, Manager in charge of preparing the accounting documents), the suitability of the administrative and accounting organisation, with a special reference to the internal control and risk management system. To this end, the Board of Directors shall verify the corporate structure and, consequently, the efficiency of the internal audit system;

ii) examined the organisational structure of the subsidiaries;

iii) examined and approved the Bank's financial and industrial strategic plans and approved the quarterly, half-yearly and annual balance sheet and income statements of the Bank and its subsidiaries;

iv) assessed the proposals presented by the Remunerations Committee, having heard the opinion of the Board of Statutory Auditors, for the remuneration of the directors holding specific offices;

v) assessed the general trend of operations, with a specific focus on situations of conflict of interest, considering, in particular, the information received from the Managing Director;

vi) assessed and approved the Bank's operations in advance and, in compliance with that specified by the Group Regulations, preventively approves operations of significant strategic, economic, equity and financial importance involving its subsidiaries;

vii) verified the existence of the requirements of current applicable legislation in relation to criteria of professionalism, integrity and independence with regards to the parties comprising it. On 28 April 2014, having noted that the Board consists of 11 members, which is the maximum number allowed by the Articles of Association, of which 3 are executive, non-independent directors, 3 non-executive, independent directors, 5 non-executive, non-independent directors, the Board of Directors expressed its favourable opinion, deeming its operation and size adequate for the Bank's business; the assessment was made analysing dedicated questionnaires prepared with the aid of an outside advisor (Studio Galante) and submitted to the directors. The results of the questionnaire were examined by the Appointment Committee and by the Board of Directors.

viii) positively ascertained the independence of Directors Ermanno Boffa, Roberto Cusmai and Marco Tofanelli;

ix) did not authorise any exception to the general prohibition to competition pursuant to Article 2390 of the Italian Civil Code.

4.4 Appointed bodies

The Managing Director and General Manager Arturo Nattino received managerial appointments.

The Deputy Chairman of the Board of Directors, Mr. Leonardo Buonvino is appointed, in accordance with the Articles of Association, to replace the Chairman in all his tasks and powers, taking his place in the event of his absence or impediment.

The Managing Director, without prejudice to the powers of the Board of Directors in accordance with the law and the articles of association, is granted all powers necessary for the Bank's administration, with the broadest powers in this respect. Within the scope of the tasks assigned, the Managing Director shall represent and sign on the Bank's behalf.

The Managing Director reports back to the Board of Directors on a quarterly basis with regard to the exercise of his appointments.

Without the following intended as any limit to the above delegation, the tasks, powers, faculties and appointments specified hereto by way of example, are conferred to the Managing Director.

a) Statutory and representation powers
   1. To exercise, also on behalf of the Chairman and of the Deputy Chairman with powers, in case of their absence or impediment, legal representation of the Company, before third parties and in judgement, and the corporate signature, in accordance with Article 19 of the Bank's Articles of Association;
   2. to exercise the powers necessary for the administration of the Bank; by way of non-comprehensive example, the Managing Director is vested with the following powers.

b) Management
   1. To prepare the Bank's Business Plan and submit it to the resolution of the Board of Directors,
   2. to submit to the Board of Directors the draft consolidated financial statements, the interim reports and the draft annual budget, prepared with the support of the Joint General Manager;
   3. to assure to the Board of Directors, and to the bodies delegated by it, full knowledge and governability of the company's business, defining effective procedures and information flows;
   4. to implement the strategic indications and resolutions of the Board of Directors, supervising their implementation and ensuring that they are carried out in compliance with the set guidelines;
   5. in case of particular urgency, to make decisions for which the authority rests with the Board of Directors and the Executive Committee, if one is provided, with the input of the Chairman of the

Board of Directors. The decisions thus made are brought to the attention of the competent Body during the first meeting in accordance with Article 17 of the Bank's Articles of Association;

6. to monitor the adequacy of the company's capital and financial means as prescribed by pertinent regulations;
7. to represent the Bank in the shareholders' meetings of other companies or entities, also issuing proxies for participation in such meetings, and to exercise all related rights;
8. to exercise any and all other power attributed continuously or from time to time by the Board of Directors;
9. to stipulate deeds and agreements of any type and nature, provided they are consistent with the purpose of the company and fall within the scope of ordinary administration, within the powers delegated to him and in compliance with the regulations promulgated by the Supervisory Authority;
10. to propose to the Board of Directors resolutions with regards to the purchase, sale, granting of mortgage and ultra-nine-year rent of properties;
11. to propose to the Board of Directors resolutions with regards to the purchase, sale and rent of the business or business units;
12. to propose to the Board of Directors resolutions with regard to the taking and disposal of majority shares and operations on the capital of subsidiaries;
13. to propose to the Board of Directors resolutions with regard to subsidiary management strategies;
14. to propose to the Board of Directors resolutions with regard to the taking and disposal of non-majority shares and operations on the capital of non-subsidiaries;
15. to give instructions in relations with investee companies;
16. to represent the Bank before the judicial authorities, in any type of Court and appoint legal counsel and attorneys.

c) Organisation
1. To assure the consistency of the organisational structure with respect to the Bank's goals and strategies;
2. to propose to the Board of Directors the setting up, transfer and closing of branches;
3. periodically to report to the Board of Directors about the corrective measures adopted in case of deficiencies or anomalies brought to light by the control functions.

d) Disposal of assets
1. To dispose or sell tangible and intangible assets, with a value of over 100,000 euros and up to 1,000,000 euros net of amortisation/depreciation;
2. after the verification by the Manager in charge of preparing the accounting documents and with the favourable opinion of the credits committee, to sell credits without recourse, at a value of no less than 90% of the net value recorded in the financial statements;
3. after the verification by the Manager in charge of preparing the accounting documents, and with the favourable opinion of the credits committee, to sell credits with recourse, for net amounts below 500,000 euros recorded in the financial statements.

e) Communication
1. To entertain relations with the media and with analysts;
2. to prepare the market disclosures about price sensitive and non price sensitive information, upon proposal of the Studies, Research and Investor Relations unit and jointly with the manager in charge of preparing the accounting documents if the disclosure contains accounting information (Article 114 of Italian Legislative Decree 58/98);

3. to approve the content of any advertising or promotional message.

f) Relations with the authorities, public administration and with agencies
   1. To represent the Bank before the CONSOB and the Bank of Italy and the other Supervisory authorities, with the express power to sign and present communications, reports and notices;
   2. to challenge tax assessments before the tax commissions and administrative offices of every kind and level;
   3. to adhere to bankruptcy proceedings in general, to intervene and bid in court-ordered public auctions. To participate in tenders and auctions for public and private bidding called by state administrations, state-controlled bodies, public agencies in general and private entities; to submit bids also with rises, to accept and sign the provisional and definitive awards, and the related Agreements;
   4. to entertain relations with the Italian Revenue Agency in response to financial investigations and for the notification of open financial relations;
   5. to sign agreements with the Bank of Italy for any reason and cause, including, for example, the agreements for participation in centralised payment systems.

g) Financial activities and investment services
   1. To provide for the purchases and sales of own shares according to the plans approved by the Shareholders' Meeting and according to the procedures approved by the Board of Directors;
   2. to guide the policies for managing trading and available for share portfolios based on the resolutions of the Board of Directors, supervising compliance with the connected risk limits set out in the Regulations for financial activities.

General Manager

a) Management and organisation
   1. To sign the correspondence of the Bank and the documents related to the exercise of the assigned powers, with promise of ratification and approval and under the legal obligations;
   2. to assure the operational management of the Bank, according to the approved organisation model, imparting operating directives and informing the organisation about the goals and policies to be pursued;
   3. to secure the preparation and revision of internal regulations and the formalisation of the corporate processes, in order to assure efficiency and correctness in the operational management of the Bank, consistently with the duties and responsibilities of the organisational units tasked with executing the activities, as they are defined in the corporate organisational chart;
   4. to assure the functionality of the internal audit system and the adoption of suitable and timely corrective measures in case of deficiencies or anomalies reported by the competent corporate functions;
   5. to assure, in compliance with the indications and directives of the Board of Directors, the adoption and full availability of an effective, complete and reliable information system, adequate for the Bank's functional and operational needs;
   6. to implement effective communication channels, in order to assure that the personnel of the Bank's Organisational Unit are aware of the policies and procedures pertaining to their duties and responsibilities and, within that scope, to identify and minimise areas of potential conflict of interest;
   7. to inform the Board of Directors, at least once every six months, about the most significant decisions made for the management of the company within the scope of his/her powers.

b) Personnel
1. With the support of the Joint General Manager, to direct and supervise all matters related to human resources and to issue specific regulations for organisational purposes;
2. to propose to the Board of Directors the approval of the annual budget for personnel expenses and the related remuneration policies, consistently with the strategies approved in the industrial plan, subsequently executing them - after approval - also by exercising the power set out below;
3. to oversee negotiations for the drawing up of any supplementary corporate employment contracts;
4. to propose to the Board of Directors the hiring, promotion, termination of the Bank's "significant personnel" as defined in the document pertaining to personnel remuneration policies, approved by the Bank's Shareholder's Meeting, and prepared in compliance with supervisory provisions;
5. to hire, promote, terminate the remain personnel under defined and undefined duration employment contracts, setting their level, functions, compensation and improvements. Within the limits prescribed by the annual budget for personnel expenses and remuneration policies;
6. to supervise the entire process of any disciplinary charges and adopt and notify disciplinary penalties;
7. to decide with regard to the execution of continuous collaboration contracts for personnel not directly employed by the Bank;
8. to stipulate insurance coverage in favour of staff;
9. to grant advance payments, at employees' request, from the accrued staff severance fund;
10. to make decisions with regards to the appointment and revocation of those responsible for departments, organisational units and branches. With the exclusion of the organisations referred to the Bank's "significant personnel", which remain under the authority of the Board of Directors:
11. to authorise travels and attendance at training courses, according to the powers defined in the Regulations on personnel management and administration. In detail, the following powers are granted:
    i) based on the estimated total cost of the travel, to authorise the expense of up to 50,000 euros. Limit for each individual travel and subject to the provisions of the annual expense budget;
    ii) based on the registration cost for each individual person in a training course, to authorise the expense;
12. to assume expense commitments, also through the use of corporate credit cards, for entertainment expenses up to 20,000 euros for each individual event.

c) Communication
1. To sign account statements and notices to customers of a general nature, including those required by bank disclosure regulations;

d) Relations with the authorities, public administration and with agencies
1. To carry out all actions pertaining to transactions on accounts in Euro and securities held with the Bank of Italy;
2. to represent the Bank before inland revenue offices, registry offices, revenue technical offices, the Revenue Service, the value added tax offices, service centres, the tax register, municipal offices, including those for local taxes, and before the general record of equities, preparing, signing and filing petitions, appeals, complaints, declarations, returns and forms for third party income subject to withholding tax, the monthly and annual VAT returns, making payments or collecting reimbursements;
3. to manage relations with the inter-bank deposit protection Fund;
4. to entertain relations with judicial authorities;

5. to sign any document necessary to deposit trademarks, patents and distinguishing marks with competent administrative bodies;
6. to file reports and/or complaints implementing Board of Directors resolutions, to make garnishee's statements;

e) Banking Services
1. To issue, endorse, accept and protest bank cheques, bills of exchange, promissory notes, deposit warrants and other bills also for collection, subject to prescribed limits to credit and settlement powers;
2. to discount and defer bills;
3. to negotiate, acquire, sell, also on the bank's own behalf, bank bills and commercial paper;
4. to open current accounts and deposit accounts with any bank and postal current accounts and to operate thereon, carrying out all transactions necessary for their operation;
5. to stipulate guaranteed loan agreements with the Bank of Italy and other banks;
6. to authorise bank and intra-bank transfers in Italy or abroad on behalf of private customers and of institutional customers with direct relations, subject to the bank's official counter-signature and certification of funds availability, without limits to their amounts. Powers without amount limits shall nonetheless remain within the supervisory limits for risk concentration (25% of regulatory capital);
7. to authorise bank and intra-bank transfers on behalf of the Bank (suppliers, commissions, etc.), subject to the authorisation already provided according to the assigned expense powers;
8. to authorise the issue of bank drafts on customer's behalf;
9. to receive amounts, make payments and issue receipt;
10. to authorise the general conditions and the interest rates by type of service/transaction (bank service price list);
11. to grant waivers with respect to the price list, by relationship, up to a complete zeroing of the value of all commission items.

f) Financial activities and investment services
1. To request membership in regulated market management companies and multilateral trading facilities, signing the related conventions and restricting the required deposits and to activate conventions with intermediaries/brokers;
2. to guide the policies for managing company liquidity and the "banking book", supervising compliance with the connected risk limits set out in the Regulations for financial activities;
3. to order or authorise, within the scope of the specific guidelines of the Board of Directors, transactions on the bank's own behalf or on behalf of third parties on financial instruments, also not listed on Italian or foreign regulated markets and on currencies and transactions on the money market. In detail, the following powers are granted:
   i) to purchase and sell financial instruments and currencies (own behalf) and to carry out transactions on the money market on Banca Finnat accounts within the limit of 50 million euros for each individual transaction;
   ii) to purchase or sell financial instruments and currencies on behalf of the Bank's customers (on behalf of third parties) within the limit of 50 million euros for each individual transaction;
   iii) to intervene on the Bank's behalf in all transactions concerning the transfer of securities, signing for deposits, receipts, transfers, authentication and similar;

4. at the proposal of the Deputy General Manager - Finance Area, to execute framework agreements for over the counter operations and financial guarantee contracts;
5. to authorise settlement of transactions on financial instruments and currencies, and payment orders on the accounts pertaining to transactions in the finance area;
6. to intervene on the Bank's behalf in all transactions concerning the transfer of securities, signing for deposits, receipts, transfers, authentication and similar;
7. to authorise the general mandate conditions (investment service price list);
8. to grant waivers on commissions and expenses (with respect to the price list) by relationship, up to a complete zeroing of the value of all commission items;
9. to authorise transactions with single counterparty entailing temporary loans beyond the limits prescribed for that counterparty;
10. to sign bid documents, information prospectuses, information documents pertaining to financial instruments and products issued or offered by the Bank;
11. to promote, organise and participate directly, with or without providing guarantees with respect to the issuer, in syndicates for the placement and guarantee of financial instruments, also long term, in euro or in foreign currencies, signing the related agreements with guaranteed and sub-guaranteed issuers with all broadest powers to define the remuneration and procedures of the transactions in question, within the scope of the granted powers, within the limit of 20 million euros for each individual transaction; and to organise, without assumption of share, loans and financing, also medium and long term, in euro and foreign currencies, upon specific appointment by the beneficiary;
12. to carry out repo transactions up to amount of 50 million euros for each individual transaction.

g) Credit, settlements, mortgages and property seizures

1. To approve and authorise settlements and concessions / renewals / changes to credit lines, within the scope of his powers, by technical form, as described in detail below:
   i) to authorise current account overdrafts beyond the agreed limit, up to 2,000,000 euros per individual overdraft;
   ii) to authorise current account overdrafts, up to 2,000,000 euros per individual overdraft;
   iii) to issue credit cards to customers, or to increase the maximum monthly utilisation limit of 50,000 euros (black card);
   iv) granting credit lines / loans with "class A risk" as defined by the credit Regulations, up to a maximum amount of 1,500,000 euros;
   v) granting credit lines / loans with "class B risk" as defined by the credit Regulations, up to a maximum amount of 2,000,000 euros;
   vi) to grant credit lines / loans with "class C risk" as defined by the credit Regulations, up to a maximum amount of 3,500,000 euros;
   vii) to grant current account overdraft credit lines, up to a maximum amount of 2,500,000 euros;
   viii) to authorise the purchase of securities with temporary current account overdraft, up to a maximum amount of 2,500,000 euros;
   ix) to authorise "reserved entry unlocking", without amount limits;
   x) to authorise the use of the error accounts for purchase/sale of securities on third parties' behalf, with a limit of 500,000 euros for each individual event (income statement impact generated by the activation of the errors account, regardless of the sign);

xi) to grant credit lines for customers' "forward transactions", up to a maximum amount of 3,500,000 euros. For forward transactions hedging positions in securities with duration up to 6 months, a "utilisation" of the line equal to 20% of the forward, equal to 50% with durations above 6 months is generated. For speculative transactions, the "utilisation" is 100% of the forward;

xii) to authorise Euro current account overdrafts for foreign transactions, without amount limits;

xiii) to authorise foreign currency current account overdrafts for foreign transactions, without amount limits;

xiv) to authorise temporary overdrafts (up to 3 days) for transactions on financial instruments, up to a maximum amount of 5,000,000 Euros;

2. to provide sureties and guarantees in the interest of the Bank and of third parties, within the limits of the powers assigned under point 1.;
3. subject to the decision by the competent level in terms of amount, in accordance with the then-current credit regulations, to constitute, in the Bank's favour, guarantees of any nature in particular with regard to the granting of loans; to allow inscriptions, transcriptions, cancellations, postponements, reductions, annotations, subrogations, fractionings; to request preventive remedies, to enforce recovery actions, on public registries;
4. to request, negotiate and stipulate with banks and financial intermediaries credit transactions in the Bank's favour for up to 10 million euros;
5. to settle disputes - out-of-court or judicially - in relation to credits, with impacts not amounting to more than 250,000 euros. To waive credits of an amount no greater than this same limit. With the preventive opinion of the Credits Committee;
6. to take resolutions - with effect also towards third parties and the competent Property Registrars - with regards to the restriction, reduction, division, subordination, renovation, cancellation (fully or partially) or mortgages and the release of mortgaged property, with a declaration exonerating the Keeper of the records from all relevant liability; all this, furthermore, with reference to cases of total or partial credit recovery, restructuring (see above), settlement (see above) or renunciation of credit (see above) and with the limits set out therein; with reference to the cases of payment or reimbursement - total or partial - of the amount due, with no limit of amounts;
7. to waive - with the same effects and limits as per the previous point - property repossessions and to request the cancellation of transcriptions of property seizures and/or any notes;
8. with reference to credit matters, to act judicially, also through precautionary or executive measures and also by interventions, in every venue and degree and to lodge appeals for declarations of bankruptcy and insolvency, proposing the related petitions for admission, including late ones, intervening and proposing petitions of any nature in insolvency proceedings and objections to total debt statements. To appoint legal counsel and attorneys for this purpose. All for credits whose amount, for each position, do not exceed 1,000,000 euros;
9. to request preventive remedies, to enforce recovery actions, on public registries;
10. to give execution to the resolutions of the Credits Committee.

h) Expenses

1. To undertake and authorise spending commitments according to the procedures and in accordance with the powers set out in the Regulations for general expenses and investments. In detail, the following powers are granted:

i) to assume spending commitments for costs connected with the operation of the bank, not regulated by specific conventions or administration agreements. If provided in the related annual expense budget and with the limit of 150,000 euros for each individual expense;

ii) to assume commitments for investments included in the annual budget for the set-up of organisations that assure the operation of the Bank. With a maximum limit of 1,000,000 euros for each individual investment.

iii) to assume "extra budget" expense commitments, in cases of proven urgency and severity. With limit of 25,000 euros for operation, 10,000 euros for unforeseen events, 5,000 euros for consulting services, 5,000 euros for promotion, 5,000 euros for supplies; informing the Board of Directors at the earliest possible meeting if it was not possible to find amounts in the budget from other annual expense items.

i) Disputes and complaints

1. At the proposal of the head of the Compliance function, definitively address each individual complaint;
2. to appoint and revoke legal counsel and attorneys;
3. to accept and promote settlements with the opposing parties in judgement, up to 250,000 euros of amount for the transaction;
4. to represent the Bank in judgement;
5. to respond definitively to each individual complaint for amounts equal to or greater than 50,000 euros and up to 300,000 euros;
6. to decide reimbursement and returns; waivers to revenues and settlements in the pre-dispute phase (with the exception of cases of restructuring of problem credits and/or of increased credit risk); payments not in accordance with the contractual terms for amounts up to 500,000 euros on an annual basis;
7. to accept out of court settlements for amounts up to 250,000 euros.

Chairman of the Board of Directors

The Chairman of the Board of Directors who has not received managerial appointments nor holds a specific role in the preparation of business strategies, is not the main party responsible for management nor the majority shareholder in the Bank, but does cover a promotional role, providing a continuous presence on the financial market in the bank's interest, having relations of an extremely high economic and institutional level, and promoting meetings with the management of major national and international operators.

All in view of the particular prestige and professional appreciation enjoyed by Mr. Giampietro Nattino in the economic-financial community.

Therefore, the Board of Directors deemed it appropriate to formalise the specific professional commitment for the stated activities of external relations and promotion for the year 2014.

Disclosure to the Board

The Managing Director reports on the work carried out under the scope of his appointments at each useful meeting.

During Board meetings, the Chairman of the Board of Directors informs the Directors in a timely manner of all updates to first and second level regulations linked to the Bank and Group's activities.

4.5 OTHER EXECUTIVE DIRECTORS

Director	Position	Qualification
Leonardo Buonvino	Deputy Chairman – holds office in the Issuer	executive, non-independent
Saverio Rizzuti	Manager in the Issuer	executive, non-independent

4.6 Independent directors

The Board of Directors appointed on 26 April 2012 remains in office until approval of the 2014 financial statements. It has been formed in accordance with the criteria specified in the Governance Code and includes 3 Independent directors. All Independent Directors have filed professional curricula and issued declarations attesting their Independence. The level of each director's independence has been assessed on the first useful opportunity following his/her appointment, with regard to the requirements laid down by the law, the Governance Code and by Article 20 of the Articles of Association; subsequently, the Board shall annually assess the fulfilment of independence requirements.

By specifically investigating, the Board of Statutory Auditors has ascertained the correct application of the criteria adopted by the Board to assess the independence of its members.

In 2014, the independent directors met without the other directors during the meetings of the Audit and Risk Committee and of the Remunerations Committee.

4.7 Lead independent director

During the meeting of 15 May 2012, the Board of Directors established the role of Lead Independent Director provided for in the Governance Code, albeit the conditions indicated by the Code no longer applied. During the same meeting, the Board appointed Marco Tofanelli as Lead Independent Director.
The Lead Independent Director is assigned the duties prescribed by the Governance Code.

5 PROCESSING OF COMPANY DATA

The Bank has set up the internal procedure "Management of public disclosures of significant events and circumstances", with the aim of allowing the fulfilment of informative commitments pursuant to Article 114 of Italian Legislative Decree no. 58 dated 24 February 1998, supplying the criteria suitable for identifying documents and information concerning the Bank and Companies subsidiary to the Bank, not of public domain, and of such a level that, if made public, able to significantly affect the price of the financial instruments issued by the Bank (sensitive price issues), in addition to other significant events and circumstances, and to govern the methods by which such are disclosed to the public.

Communication obligations are met, on the Bank Managing Director's behalf and on his instruction, by the Investor Relator.

Communications are made immediately available to the public in compliance with the law.
The Investor Relator publishes the disclosure on the Bank's website in both Italian and English, by the time of opening of the market on the day after the date on which said news is disclosed.
The disclosure remains available on the website for at least five years as from the date of publication.

In compliance with the provisions of Article 115-bis of Italian Legislative Decree no. 58/98, the Bank has set up the "Register of Persons with access to privileged information" (Insider Register). This Register states all those who by virtue of their professional and working activities, or given their tasks within the bank, have access to privileged information.
The Legal Department appointed to hold the "Insider Register".
The Bank has also adopted a specific internal procedure, the "Internal Dealing Code", which is binding for all Board members and aims to govern the disclosure to be made to the market, in the event of company representatives trading in Bank shares.

6 INTERNAL BOARD COMMITTEES

In order to encourage an efficient system of information and consulting, which allows the Board to better assess some of the matters of its competence, the appointments committee, remunerations committee and the audit and risk committee have been set up.

7 APPOINTMENT COMMITTEE

During the meeting of 15 May 2012, the Board of Directors, in line with the recommendations of the Governance Code (principle 5.P.1), set up an Appointment Committee, composed mostly of independent directors. The task of this committee is to identify the optimum qualitative and quantitative composition of the Board of Directors, by indicating the professional figures whose presence can benefit its proper and efficient operation. The Appointment Committee comprises the following Directors:

Director	Position
Arturo Nattino	Chairman - executive, non-independent
Ermanno Boffa	Member - non-executive, independent
Marco Tofanelli	Member - non-executive, independent

In 2014, the Committee met twice and specific minutes were drawn up for the meetings. During the year, no Committee meetings have yet been planned.

The Appointment Committee provides advice and formulates proposals and recommendations in order to identify professionals who can contribute to the optimal composition of the Board.
In particular the Committee shall carry out the following tasks:

a) provide opinions to the Board of Directors concerning its size and composition and express recommendations concerning the professionals whose presence in the Board is deemed advisable and about the topics per Articles 1.C.3. and 1.C.4. of the Governance Code;

b) propose to the Board of Directors candidates for the office of director in case of co-optation, when independent directors need to be replaced, fulfilling the requirement to assure an adequate level of diversification in the collective membership of the Board. In this regard, the Committee shall set a target quota for the less represented gender and shall prepare a plan to raise said quota up to the set target;
c) if the Board of Directors decides to adopt a plan for the succession of the executive directors, its preparatory phase shall be carried out by the Appointment Committee;
d) it shall support the Board of Directors in the nomination of candidates for the office of director if one or more directors leave office during the year (see Article 2386, First Paragraph, of the Italian Civil Code), assuring that the minimum number of independent directors is reached.

The Committee shall also provide support to the bodies with strategic supervision and management functions in the following processes:

- self-assessment of the Board, in accordance with Bank of Italy Circular no. 285;
- verification of the conditions prescribed by Article 26 of the Italian Consolidated Law on Banking;
- definition of succession plans for top executive positions, prescribed by Section IV of Bank of Italy Circular no. 285.

  In the performance of its duties, the Committee shall take into account to the objective of preventing the Board's decision making processes from being dominated by a single person or groups of persons who can cause prejudice to the Bank.

  In the performance of its duties, the Committee may access the information and the corporate functions necessary to carry out its tasks and to rely on outside consultants, within the terms set by the Board of Directors.

  The Bank shall make financial resources available to the Committee, when necessary for the performance of its duties, within the limits of the specific budget approved by the Board of Directors. In 2014, the use of financial resources was not requested.

In 2014, the Appointment Committee:

- assessed the composition and operation of the Board;
- ascertained the fulfilment of the directors' Independence requirements;
- expressed its opinion with regard to the co-optation of a director.

8 REMUNERATIONS COMMITTEE

The Bank has established a Remunerations Committee (principle 6.P.3. of the Code), and for any stock option plan or share assignment, consisting of 3 non-executive and independent Directors, one of whom has specific knowledge and experience in compensation policy matters.
This committee makes proposals to the Board, in the absence of the parties directly concerned, for the remuneration of the Managing Director and those holding special offices, in addition to, upon indication by the Managing Director, determine the criteria by which the Company's senior management should be remunerated.

The committee currently consists of:

Member	Position
Roberto Cusmai	Chairman - non-executive, independent; expert
Ermanno Boffa	Member - non-executive, independent
Marco Tofanelli	Member - non-executive, independent

During 2014, 4 meetings of the Committee were held, all of an average duration of approximately 30 minutes. Specific minutes were drawn up for the Committee meetings. This year, 3 meetings have been held.

The Committee invites the Chairman of the Board of Statutory Auditors and the Personnel interested in the issues under review to attend its meetings.
No director concerned took part in the meetings of the Remunerations Committee during which proposals were made with regard to his remuneration.

The Remunerations Committee has the following tasks:

- it provides advice and submits proposals concerning the remuneration of corporate officers and heads of the corporate audit functions and the determination of personnel remuneration criteria, and it supports the Board of Directors with its advice and proposals, in particular;
- it directly oversees the correct enforcement of the rules for the remuneration of the heads of the corporate audit functions, in close cooperation with the audit body;
- it oversees the preparation of the documentation to be submitted to the Board of Directors for the related decisions;
- it collaborates with the other Committees within the Board of Directors, in particular with the Risk Committee;
- it assures the involvement of the competent corporate functions in the definition and control of remuneration policies and practices;
- it expresses its views, relying also on the information received from the competent corporate functions, on the attainment of performance targets, to which the incentive plans are tied, and on the ascertainment of the other conditions set for payment of the compensation;
- it provides adequate feedback on the activity it carries out to the corporate bodies, including the Shareholders' Meeting;
- it has the authority to access the information and the corporate functions necessary to carry out its tasks with the support of the corporate functions involved according to their areas of responsibility;
- it has the authority to rely on the services of a consultant in order to obtain information about the market practices pertaining to compensation policies, preventively verifying that said consultant is not in situations that may compromise his/her independent judgement;
- it reports to Shareholders with regard to the way it carries out its duties; for this purpose, at least the Chairman or another member of the Committee shall attend the annual Shareholders' Meeting;
- it submits to the Board of Directors proposals for the remuneration of the Managing Director and of the other Directors holding special offices, monitoring the enforcement of the decisions adopted by the Board;
- it periodically assesses the criteria adopted for the remuneration of key managers, it oversees their

enforcement on the basis of the information provided by the Managing Director and it formulates general recommendations on the matter to the Board of Directors;

- it proposes to the Board of Directors the incentive systems deemed most appropriate (including stock option plans and share retention plans) and it monitors the evolution and implementation, over time, of the plans approved by the Shareholders' Meeting at the proposal of the Board;
- it may rely on outside consultants, within the terms set by the Board of Directors. The Bank shall make financial resources available to the Committee, when necessary for the performance of its duties, within the limits of the specific budget approved by the Board of Directors.

In 2014, the Committee did not deem it necessary to rely on outside consultants.

The Remunerations Committee, taking into account the opinion of the Board of Statutory Auditors:

a) prepared the report on the activity carried out in 2013;
b) examined the Incentive Plan for 2014;
c) examined the Remuneration Report prepared pursuant to Article 123-ter of Italian Legislative Decree 24 February 1998, no. 58 ("TUF" Italian Consolidated Financial Law) and of Article 84-quarter of Consob Regulation no. 11971 ("RE"), as well as in compliance with the Prudential Supervisory Provisions of the Bank of Italy;
d) considered an additional remuneration for certain Directors who perform special tasks
e) Expressed its opinion on the application of the Incentive System and on the distribution of the fees to the most important personnel.

For the correct performance of its functions, the Remunerations Committee had the opportunity to access all information and company functions necessary for the performance of its duties.

9 DIRECTORS' REMUNERATION

On 28 April 2014, the Shareholders' Meeting of Banca Finnat approved the policy for the remuneration of Directors, Employees and Collaborators not linked by contractual relationships.
In accordance with Article 114, paragraph 5 of the Italian Consolidated Financial Law, it is declared that on 31 December 2014, there are no agreements in place concerning indemnity to be paid to directors in the event of early termination of their office.
For all information about the policies for the remuneration of directors adopted by the Bank, please refer to the "Report on Remuneration" prepared in accordance with Article 123-ter of the Italian Consolidated Financial Law referred to the year 2014, to be published on the Website www.bancafinnat.it in the Corporate Governance section within the terms prescribed by law.

10 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee provides consulting and makes proposals. It consists of 3 non-executive directors, the majority of whom are independent and one of whom has knowledge and experience in accounting, financial and risk management matters.

The Chairman of the Board of Statutory Auditors or an alternative auditor appointed by the Chairman of the Board participates in the Committee's works. Specific minutes are drawn up for the meetings.
During the year 2014, the Committee met 6 times for an average duration of 1 hour. At 31 December 2014, the members of the Audit and Risk Committee were as follows:

Member	Position
Marco Tofanelli	Chairman - non-executive, independent
Ermanno Boffa	Member - non-executive, independent
Roberto Cusmai	Member - non-executive, independent

The Audit and Risk Committee has the following tasks:

a) it supports, with adequate preliminary activities, the assessments and decisions of the Board of Directors with regard to (i) the internal audit and risk management system, (ii) the approval of the periodic financial reports, (iii) actual compliance with administrative and accounting procedures (Article 154-bis of the Italian Consolidated Financial Law), (iv) to the dealings between the Bank and the audit firm engaged to audit the statutory and consolidated financial statements;
b) it assesses the correct utilisation of the accounting standards and their consistency for the purposes of the preparation of the consolidated financial statements, together with the Manager in charge of preparing the accounting statements and with the inputs of the independent audit firm and the Board of Statutory Auditors;
c) it expresses opinions on specific aspects pertaining to the identification of the main corporate risks;
d) it expresses evaluations and formulates opinions to the Board of Directors on compliance with the principles to which the internal audit system and the corporate organisation must be aligned and with the requirements that must be fulfilled by the corporate audit functions, bringing to the attention of the Board of Directors any weaknesses and the consequent corrective actions to be promoted; for this purpose it also assesses the proposals of the Board of Directors with management functions;
e) it verifies that the corporate audit functions correctly comply with the indications and guidelines of the body and it assists it in preparing the coordination document prescribed by Bank of Italy Circular no. 263, Title V, Chapter 7, Section II);
f) it preventively examines the activity plans (including the audit plan) and the annual reports of the corporate audit functions addressed to the Board of Directors;
g) it expresses its preventive opinion to the Board of Directors with regard to the approval - at least on an annual basis - of the work plan prepared by the internal audit function;
h) it monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
i) it may ask the internal audit function to perform audits on specific operating areas, concurrently notifying the Chairman of the Board of Statutory Auditors;
j) it contributes, through assessments and opinions, to the definition of the corporate policy for outsourcing corporate audit functions;
k) it identifies and proposes to the Board of Directors, relying on the Appointment Committee, the heads of the corporate audit functions;
l) it expresses its preventive opinion to the Board of Directors, on the appointment and revocation of the head of the internal audit function;

m) it ascertains that the incentives underlying the remuneration and incentivising system of the bank are consistent with the RAF ("Risk Appetite Framework"), without prejudice to the responsibilities and authority of the Remunerations Committee;

n) it reports to the Board of Directors, at least once every six months, at the time of approving the financial statements and the half-yearly report, on the work performed and the adequacy of the internal auditing and risk management system;

o) it expresses to the Board of Directors its preventive opinion on the adequacy of the main features of the internal audit and risk management system described in the corporate governance report:

p) it expresses to the Board of Directors its preventive opinion on the assessment, with the input of the Board of Statutory Auditors, of the results illustrated by the independent audit firm in the letter of recommendations and in the report on the fundamental questions emerged from the audit;

q) it adopts measures directed at assuring that the transactions in which a director is the bearer of an interest on its own or on third parties' behalf are carried out transparently and complying with criteria of substantial and procedural correctness (see Article 2391 of the Italian Civil Code);

r) it expresses its preventive, well reasoned opinion on the Bank's interest in the completion of Related Party Transactions, and on the advisability and substantial correctness of their conditions. In this regard, for matters not expressly established herein, reference is made to the "Regulation for Related Party Transactions and for the assumption of risk assets with regard to Related Parties" of Banca Finnat of 19 September 2013.

s) it expresses to the Board of Directors its preventive opinion on the definition of the guidelines of the internal audit and risk management system defined by the Board itself, so that the main risks of Banca Finnat S.p.A. and of its subsidiaries are correctly identified and adequately measures, managed and monitored, and it also expresses its preventive opinion on the determination of the criteria for the compatibility of such risks with a sound and correct management of the enterprise.

With regard to the risk management and control duties, the Committee also performs supporting functions for the Board of Directors, and in particular:

- in the definition and approval of the risk control strategy and policies. Within the RAF, the Committee performs the necessary assessment and propulsive activity to enable the Board of Directors to define and approve the risk targets and the tolerance thresholds, by virtue of Circular no. 263, Title V, Chapter 7;
- in the verification and correct application of the strategies, of the risk control policies and of the RAF;
- in the definition of the policies and processes for the assessment of corporate activities, including the verification that the price and conditions of transactions with customers are consistent with the business model and with the risk strategies.

The Committee and the Board of Statutory Auditors exchange all information of mutual interest and, if appropriate, they coordinate for the performance of their respective tasks.

In the performance of its duties, the Committee identifies all the information flows that must be addressed to it with regard to risks and therefore it may access the information and the corporate functions necessary to carry out their tasks and to rely on outside consultants, within the terms set by the Board of Directors. The Bank shall make financial resources available to the Committee, when necessary for the performance of its duties, within the limits of the specific budget approved by the Board of Directors.

In 2014, the Committee did not deem it necessary to rely on outside consultants.

In the course of its meetings, the Committee discussed and approved, inter alia, the following topics:

a) on 28 April, it self-assessed its size and composition with the more general self-assessment of the Board of Directors carried out by filling in a special questionnaire;
b) on 12 March 2014 it examined the Reports for the year 2013 prepared by the Functions tasked with audit and risk management and anti-money laundering and their respective activity plans for the year 2014. In addition, the Report on complaints was also analysed, highlighting that three complaints were received during the year pertaining to trading and advice on government securities subject to default; however, in concert with the Legal Organisation Unit, considering the substance of the complaints, nature of the transactions, their impact with respect to the assets of the customer and the consultant's behaviour, the arguments produced by the customers were deemed unfounded by rejecting, as a result, the claims advanced by them.
c) on 28 April 2014 it approved the 2013 ICAAP (Internal Capital Adequacy Assessment Process) report, highlighting the improving changes applied to calculation methods;
d) it examined the following documents: Regulations for major transactions; Risk management process; Group Regulations; Personnel Search and Selection Process.
e) on 31 July 2014, it considered the adequacy of the administrative and accounting procedures, in respect of the formation of the statutory financial statements as well as of the accounting policies used and their homogeneity. In this regard, it examined the half-yearly financial report considering positively the overall accounting structure illustrated by the Manager in charge;
f) on 12 December 2014, the Committee issued its favourable opinion with regard to the framework Resolution for transactions involving CO2 certificates;
g) the Committee was informed about the update of the Bank's Compliance status with respect to Consob observations.
h) the Committee examined, on a quarterly basis, the information of the Compliance Function on related party transactions.
i) the Committee examined, on quarterly basis, the reports of the Audit Functions (*tableau de bord*).

To explain specific matters at the Committee meetings, the managers of specific business departments intervened.

11 INTERNAL AUDITING SYSTEM

In accordance with the provisions of Article 123-bis, paragraph 2, letter b) of the Italian Consolidated Financial Law, the following describes the main features of the internal auditing system and risk management.

The internal auditing system (SCI) represents the set of measures and rules whose purpose is to assure the minimisation of corporate risks and to assure the regularity, security and efficiency of the Bank's activities. The auditing system is mainly hinged on compliance with the provisions of the Bank of Italy with regards to prudential regulations, based on the so-called 'three pillars". The first introduces an equity requirement to face up to the typical risk of banking and financial activities; the second requires the use of a strategy and auditing process suited to the level of equity; and the third introduces obligations for disclosures to the public with regards to the suitability of equity, exposure to risks and general characteristics of the relevant management and auditing systems.

Please note that once a year, the Bank self-assesses the suitability of its equity (Internal Capital Adequacy Assessment Process, ICAAP). Very briefly, this requires the identification of risks, their quantification and identification of the devices aimed to deal with them. Under the scope of this description of the auditing system, in addition to the clear presence of the Board of Statutory Auditors, the Audit and Risk Committee and the Auditing Firm, the figure of the Manager in charge of preparing the accounting documents and the organisational model required by Italian Legislative Decree no. 231/2001 are also involved.
Risks are controlled by hierarchical and operative type devices. This is based on the following types:

- line controls, some carried out by production units, also incorporated into information procedures, or carried out under the scope of back office activities;
- risk management controls, carried out by the Risk Control organisational unit and by the structures to which the risk is mainly allocated;
- compliance controls, through the Compliance department against the risk of incurring legal or administrative sanctions, significant financial losses or damaged reputations as a consequence of breach of imperative provisions (laws and regulations) or governance;
- internal auditing controls, through the Internal Auditing department, aimed at checking on the one hand that operations are regular and, on the other, checking the function of the devices adopted by the Bank to manage all the risks linked to operations.

Furthermore, the Bank has also defined controls on outsourced activities concerning IT to check maintenance by the Bank of the guiding power of outsourced activities.

The Bank's Board of Directors carried out its tasks in relation to the internal auditing system, duly considering the models of reference, and specifically the organisational model adopted in accordance with Italian Legislative Decree no. 231/2001. The Board of Directors defines the nature and level of risk that is compatible with the strategic objectives of the issuer by identifying the lowest value of the TIER 1 indicator.

In order to enable the identification, management and monitoring of risks efficiently and adequately, the Board of Directors of Banca Finnat set up an appropriate organisational structure within the Bank. In particular, in addition to the Body with a strategic supervisory role, the presence of a General Manager and a Joint General Manager, supported by two Assistant General Managers are identified among the senior management.
The basic principles on which the Internal Auditing System is founded are the definition of the roles and responsibilities of corporate bodies/functions, the separation of control functions from operating functions, the standardisation and automation of corporate processes and the independence of the audit Function. In this regard, the Bank has also set up an adequate power and delegation system reflected in the special internal documents and mapped the core business processes.
With regard to the monitoring of the Group's risks, the Board of Directors monitors these aspects on a regular basis intervening, if necessary, in the removal/mitigation of risks.

It should be specified that the internal auditing system in relation to the financial disclosure process is considered an integral part of the risk management system.
The purpose of the System is to assure the reliability, accuracy, trustworthiness and timeliness of the financial disclosure published periodically by the Bank.
In particular:

- Reliability: disclosure having the characteristics of correctness and compliance with generally accepted accounting principles and having the requirements prescribed by the applied laws and regulations.
- Accuracy: disclosure having the characteristics of neutrality and precision. The disclosure is considered neutral if it lacks preconceived distortions aimed at influencing its users' decision-making process in order to obtain a predetermined result.
- Trustworthiness: disclosure having the characteristics of clarity and completeness, such as to lead to informed investment decisions by investors. The disclosure is deemed clear if it facilitates the understanding of complex aspects of the company, but without becoming excessive and redundant.
- Timeliness: disclosure complying with the prescribed deadlines for its publication.

With reference to the measures adopted by the Bank to assure the characteristics of reliability, accuracy, trustworthiness and timeliness of the financial disclosure, reference is made to the activities carried out with respect to the definition of the Governance and Control Model of the Manager in charge, prepared in accordance with Article 154-Bis of the Italian Consolidated Financial Law, which constitute a necessary prerequisite to assure a constant and complete view of the corporate areas that are actually relevant for the purposes of the preparation of the statutory and consolidated corporate accounting documents.
The definition of the Governance and Control Model of the Manager in charge of the Banca Finnat Group was guided:

- by the preliminary identification of a recognised, widely employed comparison model;
- by comparison with reference practice defined or referenced by institutional bodies;
- by comparison with domestic and international best practices adopted by businesses comparable with the Banca Finnat Group.

The model used as a reference by the Bank, which constitutes an internationally recognised method for analysing and evaluating the Internal Auditing System is the one established by the CoSO Report – "Internal Control Integrated Framework" – developed by the "Committee of Sponsoring Organisation of the Treadway Commission".

Within the scope of the activities carried out, the roles and responsibilities were punctually identified of the corporate Functions involved in the existing risk control and management system in relation to the financial disclosure process of the Bank and of the Group.
The correct operation of the existing risk control and management system in relation to the financial disclosure process is a prerequisite and it cannot be independent from the punctual identification of the roles and responsibilities of the involved corporate functions.
In this regard, the Bank formalised its internal information flows and adopted a synoptic picture of the relationships between the Manager in Charge and the other corporate functions.
The bank adopted (in compliance with the provisions of Article 154-bis of the Italian Consolidated Financial Law) the office of the Manager in charge of preparing the accounting documents, who performs the following duties:

- verification of the adequacy and actual application of administrative and accounting procedures for the preparation of the statutory and consolidated financial statements and of the abbreviated half-yearly financial statements;
- verification that the documents are prepared in accordance with applicable international accounting standards;
- verification that documents match the accounting books and entries;
- verification of the documents' ability to give a true and fair representation of the economic, financial and equity situation of the bank and of the set of companies included in the consolidation;
- verification, for the statutory and consolidated financial statements, that the report on operations includes a reliable analysis of the management performance and results, as well as the situation of the Bank and the group of companies included in the consolidation, along with a discussion of the primary risks and uncertainties to which they are exposed;

To exercise the activities and to implement the necessary controls, the Manager in charge employs the control functions and the other Organisational Units of the Bank and of the Group. In particular, among the other significant roles we mention the Internal Auditing function, which provides the Manager in Charge with elements and information that may lead to the identification of the critical areas observed within the Group in the course of its activity, providing their own opinions on the adequacy of the different entities of the Group and the necessary improvement actions; the role of the Organisation Service which provides the necessary support for the formalisation of the processes, risks and sensitive controls; the role of the other corporate functions and the Companies of the Group which co-operate with the Manager in Charge, providing the necessary data and information to carry out their duties and reporting any anomaly and dysfunction of procedures noted within the scope of their activity, which may cause significant impacts on the financial situation of the company or of the Group.
During the 2014 financial year, the Board of Directors approved the work Plan prepared by the Internal Audit Function with the input of the Board of Statutory Auditors and assessed the Internal Auditing and risk management system of the Company, considering it appropriate to the features of the business carried on by the Company.

The following is a brief description of the main auditing devices adopted by the Company.

The compliance department

The Banca Finnat Euramerica S.p.A. Compliance activities have been delegated to the Board of Directors of the Bank. On the basis of the most recent regulations of the Bank of Italy, it oversees - according to a risk-based approach - the management of non-compliance risk with regard to business activities.
In general terms, the Compliance concerns directly the regulatory areas in respect of which forms of specialised supervision are not already provided for within the Bank.
For the other regulations for which a specialised supervision already exists, it defines, together with the special departments in charge, the methods for assessing the non-compliance risk, and identifies the related procedures; it also verifies the adequacy of such procedures in order to prevent such risk.

The Compliance function is responsible for the management of non-compliance risk for the most relevant rules, such as those pertaining to the exercise of banking and intermediation activities, management of conflicts of interest, transparency with regards to customers and, more generally, regulations established

to protect the consumer, verifying that internal procedures are adequate for the prevention of said risk.
For compliance with the internal and external regulations pertaining to the information system.
For the other regulations for which specialised supervision already exists, it is responsible, together with the special departments in charge, for the definition of the methods for assessing the non-compliance risk and the identification of the related procedures and it also verifies the adequacy of such procedures to prevent the non-compliance risk.

Bearing in mind the role assigned to it, Compliance performs the following duties:

1) it assists the risk manager in defining the direct method for identifying the non-compliance risks and, assesses and controls also the reputational risk based on the methods established by it;
2) it identifies the procedures appropriate to ensure an adequate supervision of non-compliance risks;
3) it identifies continuously the applicable laws and regulations, measures and assesses their impact on business processes and procedures and proposes organisational and regulatory measures that are necessary in order to comply with the relevant legislation;
4) it assesses ex ante compliance with applicable regulations of all innovative projects, including operations in new products or services or entry in new markets, with the objective of preventing and managing conflicts of interest both among the different activities carried out by the bank and with reference to employees and to company employees;
5) it assesses the suitability and efficiency of the measures taken to remedy any deficiency in complying with obligations laid down by the relevant legislation;
6) it informs the competent Organisational Units on the obligations included in the relevant legislation, if procedural or contractual actions are required;
7) it provides consultancy and support with regard to company bodies in areas in which non-compliance risk is significant, in particular with reference to issues relating to the supply of services, conflicts of interest and consequent behaviours, it also collaborates in the staff training activity on the provisions applicable to the activities carried on;
8) it verifies the consistency of remuneration and company incentive policies and practices;
9) it verifies the compliance of the audit procedures of ICAAP with the external and internal regulations;
10) it monitors trading carried out on financial instruments, for the purpose of complying with regulations on Market Abuse;
11) it carries out, also with the collaboration of special departments, specific tests as well as regular controls on business procedures to evaluate their effectiveness and adequacy in relation to the objective of preventing non-compliance risk;
12) it controls the operations carried out for itself by the staff and by company employees, the operations carried out by the manager in conflict of interests, the large number of non-adequate transactions in financial instruments;
13) manages the customer complaints register;
14) prepares: regular reports in relation to the business carried on by the Bank, assessments and findings, the measures taken to remedy any deficiency reported and actions planned.

Internal auditing

The internal auditing activities were entrusted to the Internal Auditing Organisational Unit that reports directly to the Board of Directors of the Bank.

The internal auditing function is provided with the required autonomy and independence from the operating structures and has adequate resources and means to carry out its task, works with personnel with appropriate knowledge and professional skills and has no access restrictions to company data and files.
Internal Auditing is responsible for ensuring a constant and independent supervisory action on the regular course of the operations and processes of the Bank in order to prevent or report the occurrence of anomalous and risky behaviours or situations, evaluating the effectiveness of the overall internal auditing system and its suitability to ensure the effectiveness and efficiency of corporate processes, safeguard the value of assets and protect against losses, ensure the reliability and integrity of accounting and management information, the compliance of the operations both with the policies established by the company governance bodies and by internal and external laws and regulations. It also provides consultancy to the business functions also by taking part in projects, in order to create added value and improve the effectiveness of control processes, risk management and organisation.
The tasks and activities of the Function, in addition to being defined in the company Function Diagram, are defined in the special Regulations issued by the Board of Directors of the Bank.
In carrying out its tasks, the Internal Auditing analyses in advance the risks involved in different areas in view of the strategic objectives and on the basis of information obtained from the results of previous audits and of the consequent priorities, it prepares an Action plan - on the basis of which it will operate - which is screened on an annual basis by the Audit and Risk Committee, and subsequently approved by the Board of Directors.
The auditing concerns directly the Parent Company and other Companies of the Group with which it formally agreed to provide the activity in "service".
The weaknesses found during the audits are systematically reported to the Organisational Units involved for a prompt action of improvement in respect of which a follow-up is carried out subsequently.
The evaluations of the internal control system deriving from the inspections carried out are reported on a regular basis to the Audit and Risk Committee, the Risk Committee and the Board of Directors.
The Internal Audit Function was assigned the task of overseeing the regular performance of operations and the evolution of risks and to assess the completeness, adequacy, functionality and reliability of the components of the internal audit system, suggesting possible improvements to the Risk Appetite Framework ("RAF"), to the risk management process and to the instruments for measuring and controlling risks, formulating, on the basis of the results of its own audits, recommendations to corporate bodies.

Its main activities include the following:

- checking, also with on-site inspections, the regularity of the different corporate activities and compliance, in the different operating sectors, with the limits prescribed by the authorising mechanisms, as well as full and correct use of the available information in the different activities;
- assessing the completeness, adequacy, functionality, reliability of the other components of the internal audit system including second level control corporate functions, of the risk management process and of the other corporate processes;
- verifying the effectiveness of the RAF definition process, the internal consistency with the overall set-up and the conformity of corporate operations with the RAF;
- verifying, within the ICAAP, the effective application of the regulations and the contents of the report; verifying revisions and monitoring the action plan and proposing improving actions to be included in the action plan;

- verifying the adequacy and correct operation of the corporate processes, including outsourced ones, and of the methods for assessing corporate activities with particular regard to financial instruments;

Risk control department

The Risk Control Organisational Unit in Banca Finnat Euramerica S.p.A. has been delegated to the Board of Directors and its task is to set up an adequate supervision for the management of the risks related to the different business activities and collaborate to the definition and implementation of the Risk Appetite Framework ("RAF") and of the related risk controlling policies.
Its main activities include the following:

- assist the governing bodies and the senior management in defining the RAF, risk controlling policies and the different phases that form their management process as well as fixing the operating limits to the assumption of various types of risk;
- propose the quantity and quality parameters required for defining the RAF, which also refer to stress scenarios and, in case of amendments to the internal and external operating contexts, the adjustment to such parameters;
- verify the adequacy of the RAF and, continuously, the adequacy of the management process of risks and operating limits;
- draw up on a regular basis the map of risks and prepare the ICAAP Report in line with the RAF;
- develop, validate and maintain the risk measurement and control systems ensuring their compliance with the requirements of the specific legislation;
- define common metrics for assessing the operating risks in compliance with the RAF, coordinating with the Compliance Department and with the Operation Management in the IT area and define methods of assessment and control of reputational risks, coordinating with the Compliance Department and the most exposed corporate functions;
- assist the company bodies in the assessment of the strategic risk by monitoring the significant variables;
- analyse the risks of new products and services and those deriving from the entry in new operating and market segments;
- monitor the actual risk assumed by the bank and its consistency with the risk objectives;
- carry out the performance management on single credit exposures and prepare and adequate reporting for the company functions involved;

The anti-money laundering department

The anti-money laundering department in Banca Finnat Euramerica S.p.A. is a staff that reports to the Board of Directors and its task is to supervise the commitment of prevention and management of the risk of money laundering and terrorist financing.
The Department is responsible for carrying out, for the bank, the activities contemplated by the current regulations for the anti-money laundering department; for outsourcing, for the Group's Trust Companies, the activities contemplated by the current regulations for the anti-money laundering department; for guiding, coordinating and controlling the activities carried out by the anti-money laundering department of the investee Investire Immobiliare Sgr.
The head of the anti-money laundering Department performs the functions of "Person in charge under Article 41 of Italian Legislative Decree no. 231/2007" (person in charge of reporting suspicious transactions).
Its main activities include the following:

- identify applicable laws and regulations and measure their impact on processes and internal procedures and collaborate in the identification of the internal auditing system and procedures to prevent and counter money laundering risks;
- verify whether the internal auditing system and the procedures adopted are suitable and propose necessary or appropriate organisational and procedural changes in order to ensure adequate control over money laundering risks;
- provide advice and support to the company bodies and to the senior management; if new products, services and activities are offered by carrying out preventively the pertaining assessments;
- verify the reliability of the supply information system of the Single Electronic File and ensure on a monthly basis the transmission to the FIU of the aggregated data concerning the recording in the Single Electronic File;
- ensure company bodies appropriate information flows on the results of the activities carried out, the actions taken on identified problems and on the corrective actions to be taken and report on the staff training activity also with reference to the Group's Trust Companies and to Investire Immobiliare Sgr;

The board of statutory auditors

For information on the Board of Statutory Auditors, please refer to that described in paragraphs 13 and 14 of this report.

11.1 Director in charge of the internal auditing and risk management system

The Board of Directors in the presence of the Committee has not identified a director from amongst its members appointed to the internal auditing and risk management system. The results of the audits performed by the Internal Auditing department on the validity of management, risk trends and the function of the audits system as a whole are presented directly to the Board of Directors, the Audit and Risk Committee, the Board of Statutory Auditors and Senior Management (Managing Director).

11.2 Head of the internal auditing department

As from 30 June 2003, in relation to the completion of the merger of Banca Finnat Euramerica S.p.A. and Finnat Corporate S.p.A. into Terme Demaniali di Acqui S.p.A., the Board of Directors approved the company organisation chart, which specifically envisages the Internal Auditing Department.

The Head of the Internal Auditing Department, also referred to as the Internal Auditing Manager, is Enrica Macciò. The Head of the Internal Auditing Department is not hierarchically subordinate to any operational area and has free access to all useful information for the performance of her task.

The Head of the Internal Auditing Department prepares the Audit Plan and submits it to the approval of the Board of Directors. The working program includes the continuous operations required by the regulations (fixed part) and audits of areas and processes deemed most significant also in correlation with relevant risks (variable part).

The objectives of the planned activities are defined for each programmed area of intervention and aim, in short, to ensure proper operation, the adequacy and effectiveness of the risk management system, the accounting system and the overall internal auditing system.

At the end of each audit, the Head of the department draws up a report, which describes in detail the activities carried out, their results and the suggestions made to remove any anomaly reported or to improve the auditing system within the analysed processes. The reports of the audits are delivered to the Senior Management, to the Heads of the Organisational Units involved in the auditing process and to the members of the Board of Statutory Auditors.

Moreover, the Head of the Internal Auditing prepares every year a summary report on her activities, which is submitted to the Audit and Risk Committee, to the Board of Statutory Auditors and to the Board of Directors and, during the year, updates the Risk Committee on the actions carried out.
If particularly important situations occur, the Head of the Department informs immediately the competent Company Bodies and departments.

During 2014, the Internal Auditing Department carried out the auditing in accordance with the working program submitted to the Board of Directors of 14 March 2014. The main intervention areas concerned anti-money laundering and anti-terrorism, supervisory reporting, the preparation of the consolidated financial statements, related party transactions and the carrying-out of some investment services. In addition to this activity carried out on the Company, the Internal Auditing carried out audits on the activities of the subsidiaries Investire Immobiliare SGR, Finnat Fiduciaria and Fedra Fiduciaria.

11.3 Organisational model pursuant to italian legislative decree no. 231/2001
In 2004, the Bank equipped itself with an Organisation, management and auditing model in accordance with Italian Legislative Decree no. 231/2001.

On 15 May 2012, the Board of Directors resolved to assign to the Board of Statutory Auditors the function of Supervisory Body in accordance with the provisions of Article 6, paragraph 4-bis of Italian Legislative Decree 231/01, introduced by the 2012 Stability Law.
The Organisation, management and auditing model consists of a ‘general part’, summarising the main contents of Italian Legislative Decree no. 231/2001, and a ‘special part’, which identifies the various activities of the Bank presenting a potential risk of committing the different types of crimes considered by Italian Legislative Decree no. 231/2001, the structures and/or departments of the Bank where these crimes can easily be committed, and the procedures and/or internal rules aimed at preventing the commitment of the following crimes:

i) Crimes in matters concerning relations with the Public Administration;
ii) Crimes involving counterfeit coins, public credit papers and stamp values;
iii) Corporate crimes;
iv) Crimes committed for terrorist purposes or to avert the democratic order;
v) Crimes in relation to the mutilation of female genitals;
vi) Crimes against individual personality;
vii) Market abuse;
viii) Crimes committed in breach of health and safety regulations and the protection of health and safety at work;
ix) Money laundering;
x) Transnational crimes.

xi) Computer crimes and unlawful processing of data
xii) Organised crime offences
xiii) Crimes relating to violation of copyright
xiv) Incitement to withhold statements from or issue false statements to the judicial authority
xv) Employment of third-country nationals with unlawful residence permit
xvi) Environmental offences (Italian Legislative Decree 121/2011)

11.4 Auditing firm

The Shareholders' Meeting held on 29 April 2011, entrusted the task of auditing the statutory and consolidated financial statements and the half-yearly report for the nine-year period 2011/2019 to the auditing firm Reconta Ernst & Young S.p.A.
The auditing firm has the task of ascertaining that the company's books are kept correctly, management events reported correctly in the accounts and that the statutory accounts comply with the results of the accounts and checks performed and with the regulations governing such.

Reconta Ernst & Young S.p.A. also issues a report on the Bank's financial statements each year, giving its opinion on the compliance of the statutory financial statements with the regulations governing them.

11.5 Manager in charge of preparing the accounting documents

The Shareholders' Meeting held on 30 April 2007 adapted the Bank's articles of association, introducing the figure of the Manager in charge of preparing the accounting documents at Article 13.
This task is currently entrusted to Mr. Paolo Collettini, Joint General Manager of the Bank.
The Articles of Association of the Bank establishes that, having heard the compulsory, but non-binding opinion of the Board of Statutory Auditors, the Board of Directors appoints a 'Manager in charge of preparing the accounting documents".
The Manager in charge of preparing the accounting documents is chosen from amongst employed staff that has performed - in the Bank or other companies - managerial roles for at least three years in matters of accounts and/or auditing and/or internal auditing.
Alternatively, the Manager in charge of preparing the accounting documents must have worked professionally as a chartered accountant for at least five consecutive years.
In any case, the Manager in charge of preparing the accounting documents must meet the requirements of honour envisaged by the provisions of law applicable to the appointment of the members of the auditing bodies of listed companies.
The task is conferred on an open-ended basis or until an expiry date that may be established at the time of appointment. In both cases, this is without prejudice to revocation by the Board of Directors.

Powers

In order to carry out the tasks assigned, the Manager in charge of preparing the accounting documents is granted all powers necessary in order that he may independently:

- formulate and sign all accounting communications to be sent to the market on the Bank's behalf;
- sign correspondence and communications of an accounting nature that are binding for the Bank;
- prepare and sign reports to the annual and consolidated financial statements;

- prepare and approve business procedures impacting the individual and consolidated financial statements and documents subject to certification;
- freely access all information held to be significant, both within the company and the group companies, obtaining appropriate flows of information and/or documents;
- have the authority to communicate with all and/or operative and auditing managers of the Bank;
- have free access to all the Bank's computer systems;
- have spending power up to the limits of the budget authorised annually by the Board of Directors.

Means

The Manager in charge of preparing the accounting documents carries out the tasks entrusted him with the help of all necessary human and material resources pertaining to the bank, and independently exercising his spending power up to the limit of the budget annually authorised by the Board of Directors on the basis of a specific proposal presented by the Manager in charge of preparing the accounting documents and first subjected to the Board of Statutory Auditors.

In carrying out his tasks, the Manager in charge of preparing the accounting documents:

- has the authority to organise the business structure using internal resources and, where necessary, may also outsource activities;
- has the authority to organise the business structure, organising human resources according to the number and professionalism;
- has the authority to organise his office, hiring and organising all human resources and technical means held to be necessary;
- has the authority to use the Internal Auditing, Organisation and Compliance departments for the mapping and analysis of the processes of competence and in implementing any specific controls held to be necessary.

Risk Control department

The Risk Control department reports hierarchically to the Board of Directors.

Currently, the Head of Risk Control, appointed by the Board of Directors, is Mr. Antonio Mancaniello (for his duties, please refer to point 11).

Anti-money laundering department

The anti-money laundering department reports hierarchically to the Board of Directors.

Currently, the Head of the Anti-money laundering department, appointed by the Board of Directors, is Mr. Mauro Ceccarelli (for his duties, please refer to point 11).

The Compliance department

The Compliance department reports hierarchically to the Board of Directors.

Currently, the Head of the Compliance department, appointed by the Board of Directors, is Mr. Pierluigi Angelini (for his duties, please refer to point 11).

11.6 Coordination between the parties involved in the internal control and risk management system

The Company has established an Internal Risk Committee, consisting of a sufficient number of company employees belonging to the structures involved in the internal auditing and risk management system.

12 DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors adopted a "Regulation for Related Party Transactions and for the assumption of risk assets with regard to Related Parties" pursuant to Article 2391-bis of the Italian Civil Code, of Consob Regulation no. 17221/2010 and of Title V, Chapter 5 of the New prudential supervisory provisions for banks set forth in Circular Letter no. 263 of the Bank of Italy. The said Regulation is available on the Company website (www.bancafinnat.it), in Investor Relations / Corporate Governance.

The Company also adopted a specific software for the assessment of the Related Parties and for the management of Related Party Transactions.

13 APPOINTMENT OF AUDITORS

In accordance with the Articles of Association, the Shareholders' Meeting elects the Board of Statutory Auditors, comprising three Standing Auditors and two Alternate Auditors.

The entire Board of Statutory Auditors is appointed on the basis of lists presented by the Shareholders, wherein candidates must be listed and progressively numbered with regard to candidates to the office of Standing Auditor, and assigned progressive letters with regards to Alternate Auditors. Lists must be presented to the Company at least fifteen days prior to the date established for the first calling of the Meeting. The lists must be made available to the public at the registered offices and published on the Company's website without delay and, in any case at least ten days prior to the date established for the first calling of the Meeting. This is without prejudice to the terms that are fundamentally envisaged by applicable legislation.

Each Shareholder or party adhering to a significant shareholders' agreement in accordance with Article 122 of Italian Legislative Decree no. 58 dated 24 February 1998, the respective controlling parties, the subsidiaries and joint control parties in accordance with Article 93 of Italian Legislative Decree no. 58 dated 24 February 1998, may only present, or participate in the presentation of a single list. They may not present or participate in the presentation of more than one list, directly or through a third party or trustee company. They may not vote for different lists directly or through a third party or trustee company. Candidates may only be presented on a single list, at risk of ineligibility. Subscriptions and votes cast in breach of this prohibition will not be assigned to any list.
Only Shareholders who alone or jointly with other shareholders hold a total of 1% of the shares with voting rights in the Company's Ordinary Shareholders' Meetings may present lists. Alternatively, lesser measures may be established by fundamental provisions of law or regulations that will be stated, if applicable, in the notice calling the Meeting. In order to prove ownership of the number of shares necessary to present lists, at the same time Shareholders must provide the Company with the specific certificate issued by a broker qualified in accordance with the law. Together with each list, within the terms of its filing with the registered offices, declarations must also be filed and published by which the individual candidates: (i) accept their candidature and certify, under their own liability, that there is no reason for which they should not be

elected or are incompatible with the office, and that they meet the requirements of current legislation (including limits to the number of offices that can be held); (ii) supply full information on their personal and professional characteristics; and (iii) supply the further information required by provisions of law and regulations.

Lists presented that do not comply with the above provisions shall be considered as not presented.

Should there be more than one list, the members of the Board of Statutory Auditors are elected as follows:

a) two Permanent auditors and one Alternate auditor are elected from the list that has obtained the greatest number of Shareholder votes, in the progressive order in which they are listed;
b) the Chairman of the Board of Statutory Auditors (the "Minority Auditor") and an Alternate Auditor are elected from the list that has obtained the second greatest number of votes, in the progressive order in which they are listed.

Should equal votes be cast between two or more lists, the candidates of the list whose first candidate for the office of Standing Auditor is most senior in terms of age will be elected.

Should it become necessary to replace an Auditor, the Alternate Auditor pertaining to the same list as that to which the Auditor to be replaced originally pertained shall be appointed. Should this not be the case, the subsequent candidate in progressive order on this list will be appointed, or, where the Auditor standing down is the Minority Auditor, the first candidate of the second minority list in terms of number of votes, shall be appointed.

Where it is not possible to replace the Minority Auditor according to the mechanisms above, the Shareholders' Meeting called to re-form the Board in accordance with the law shall allow for the appointment of this Auditor in compliance with the principles of the regulations adopted by Consob with resolution no. 11971/1999.

Where only one list has been presented, the first three candidates shall be appointed Standing Auditors elected by majority, and the fourth and fifth candidate shall be the Alternate Auditors.

The Board of Statutory Auditors, or at least two Auditors, can call the Shareholders' Meeting by notifying the Chairman of the Board of Directors to this effect.

The Board of Statutory Auditors, or at least one Auditor, may call the meeting of the Board of Directors and/or the Executive Committee, by notifying the Chairman of the Board of Directors to this effect.

With Communication of 30 October 2012, the Bank of Italy informed that the Assessment Measure no. 0910107/12 of 30 October 2012 was issued with regard to the request to amend the articles of association, which include, among other things, the adjustments of some statutory provisions concerning the composition of their company bodies in order to ensure gender balance set forth in Italian Law no. 120 of 12 July 2011 (which introduced the new Articles 147-*ter*, paragraph 1 and 148, paragraph 1-*bis*, of the Italian Consolidated Financial Law). These amendments to the Articles of Association will be submitted to the approval of the Shareholders' Extraordinary meeting convened on 24 and 26 April 2013. When approved, the new provisions of the articles of association aimed at ensuring the observance of the regulation on gender balance will apply as from the first renewal of the Board of Directors and of the Board of Statutory Auditors, respectively, subsequent to 12 August 2012 and for three subsequent mandates, reserving to the least represented gender, for the first mandate in application of the regulations, a share of at least one-fifth of the directors and standing auditors elected and for the subsequent two mandates, at least one-third the directors and standing auditors elected (rounding up, if necessary, to the higher integer).

The Shareholders' Meeting of 24 April 2013 approved the amendment to the Articles of Association that required the fixing at 2% - compared to the previous 1% - the attendance threshold required for presenting the list of candidates for the appointment of the board of statutory auditors.

14 AUDITORS (ARTICLE 123-BIS, PARAGRAPH 2/D) ITALIAN CONSOLIDATED FINANCIAL LAW)

In accordance with Article 20 of the Articles of Association, the Board of Statutory Auditors consists of three standing auditors and two alternate auditors appointed by the Ordinary Shareholders' Meeting. All must be auditors registered with the official roll held by the Ministry of Justice.
Auditors remain in office for three years and may stand for re-election. The Shareholders' Meeting that appoints the Auditors and the Chairman of the Board of Statutory Auditors also determines their fees. The Auditors shall be reimbursed all costs sustained by virtue of their office.

During the year, there has been a constant exchange of information between the Board of Statutory Auditors and the Bank's auditing departments.

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 26 April 2012 and will remain in office until approval of the financial statements at 31 December 2014.
The members of the Board of Statutory Auditors were appointed from among the only list of candidates presented by the relative majority shareholder, Arturo Nattino. Since no minority list was presented, Alberto De Nigro was elected Chairman of the Board of Statutory Auditors at the proposal of the majority shareholder. The Shareholders' Meeting approved the appointment of Board of Statutory Auditors with the favourable vote of 99.99% of the voting share capital (accounting for 73.92% of the share capital).

The Board of Statutory Auditors consists of:

Auditor	Position
Alberto De Nigro	Chairman
Alessandro de' Micheli	Permanent Auditor
Francesco Minnetti	Permanent Auditor
Antonio Staffa	Alternate Auditor
Aldo Sica Amaduzzi	Alternate Auditor

Alberto De Nigro: Born in Rome on 1 July 1958, works professionally as a Chartered Accountant in the field of accounting and tax, specifically dealing with extraordinary operations of corporate finance.
Alessandro de' Micheli: Born in Florence on 22 October 1948, works professionally as a Chartered Accountant in the field of accounting and tax, specifically dealing with the auditing of accounts and the legal auditing of accounts. He worked in academia from 1988 to 1999, in particular in the role of 'Subject Matter Expert' at the School of General and Applied Book-keeping at the La Sapienza University of Rome - Department of Economics and Business.

Francesco Minnetti: born in Rome on 24 January 1964, Chartered Accountant and Auditor. Worked academically since 1996, first in the office of University Researcher and since 2003 in the role of Associate Professor of Economics for Financial Brokers at the Cassino University - Department of Economics.

During 2014, the Board of Statutory Auditors met 13 times. Average meeting duration was approximately 4 hours. This year, two meetings have already been held. By specific assessment, the Board of Statutory Auditors positively assessed the existence of the requirements of independence of its members.

The Board also monitored the independence of the Auditing Firm, specifically checking the nature and scope of further tasks performed by such and, in particular, the signing of the IRAP, Unico, CNM and ordinary and simplified 770 tax return forms.

The Chairman of the Board of Statutory Auditors attends the meetings of the Risk Committee.

An auditor who, on his own or on third parties' behalf, has an interest in a given transaction of the Issuer, shall promptly and thoroughly inform the other auditors and the Chairman of the Board of Statutory Auditors with regard to the nature, terms, origin and scope of his/her interest.

During the 2014 financial year, the members of the Board of Statutory Auditors were invited by the Chairman to attend, on a regular basis, economic, legal and financial initiatives affecting the Company operations.
In particular, they were invited to attend the following conventions: ABI convention on directors' duties and responsibilities; the half-yearly meetings on the economic scenario; the conventions entitled "Real estate investments: risks and opportunities"; "Innovative finance for energy"; "Private Equity Mini bonds and AIM".

15 RELATIONS WITH SHAREHOLDERS

As compared with last year, the Bank has kept investor relations unchanged in order to manage relations with shareholders and the financial community (institutional investors, managers, analysts) in a transparent manner, organising regular meetings.
In the specific Investor Relations section of the Bank's website (www.finnat.it), information of both an accounting and financial nature is available (financial statements, half-yearly reports and quarterly reports, trend of the market value of financial instruments issued by the Bank and traded on regulated markets), in addition to information of interest to most shareholders (e.g. in relation to the make-up of the company bodies, group set-up, etc.), as well as press releases issued, copy of documents presented during the regular meetings with the financial community, explanations of extraordinary operations and other significant and price-sensitive information.
The website also includes the Calendar of Corporate Events, stating the dates of the Shareholders' Meetings and the meetings of the Board of Directors called to approve the draft statutory financial statements, the consolidated financial statements, the half-yearly report and the interim management reports, in addition to those of a more strictly financial nature.

The Investor Relation Manager of Banca Finnat S.p.A is Mr. Gianfranco Traverso Guicciardi (tel. +39 06/699331 fax: +30 06/69922420 e-mail: g.traverso@finnat.it).

16 SHAREHOLDERS' MEETINGS (ART. 123-BIS, PARAGRAPH 1/C) ITALIAN CONSOLIDATED FINANCIAL LAW)

The Shareholders' Meeting, duly constituted, represents all shareholders. Its resolutions, when taken in compliance with the law, oblige them even if not having attended or in disagreement. The ordinary or extraordinary meeting meets in accordance with the law and the provisions of the Articles of Association. In accordance with the provisions of the Articles of Association, Shareholders may take part in the Shareholders' Meeting provided that they demonstrate that they are entitled to attend according to current legislation; the company must receive any notices from intermediaries at least two days prior to the Meeting.
All Shareholders may order their representation in Shareholders' Meeting, granting their representative due power of attorney. For all that is not specified herein, the provisions of Article 2372 of the Italian Civil Code and Articles from 136 to 144 of Italian Legislative Decree no. 58 dated 24 February 1998, shall apply.

The Board of Directors must call the Shareholders' Meeting to approve the financial statements at least once a year, within one hundred and twenty days of year end. Ordinary and extraordinary meetings can be held in either the registered offices or elsewhere, in a place to be specified in the notice of calling, as long as within the territory of the Italian State. For the methods by which the Shareholders' Meetings may be called, their constitution and the validity of the resolutions passed are in accordance with the provisions of law.
The Chairman of the Shareholders' Meeting ensures that the meeting has been regularly called, ascertaining the identity and legitimate presence of those in attendance, governs its proceedings and the results of votes cast. Said results must be noted in the minutes.

The Shareholders' Meeting is chaired by the Chairman, or by the Deputy Chairman of the Board of Directors in his absence, or in the absence of both by the person appointed by the Shareholders present.
The Chairman appoints a secretary, who need not necessarily be a shareholder, and may choose two scrutinisers from amongst those in attendance.
Resolutions are taken in compliance with provisions of law and these Articles of Associations. They are binding for all Shareholders even if not in attendance or in disagreement.

In accordance with Article 8 of the articles of association, all those able to prove their legitimate presence in accordance with the methods established by current legislation may attend the shareholders' meeting. The right to attend and exercise voting rights is certified by a communication to the Company, made through a qualified intermediary in the favour of the party with voting rights, on the basis of the evidence relating to the terms of the accounting date of the seventh trading day prior to the date established for the shareholders' meeting at its first call (record date). Those recorded as holders of shares only subsequent to the above-stated record date shall not have, therefore, the right to attend and vote in the shareholders' meeting.

The notice by the intermediary must reach the Bank no later than on the third trading day prior to the date established for the shareholders' meeting at its first calling. This is without prejudice to the legitimate right to attend the shareholders' meeting and vote should notices reach the Bank beyond said terms, provided it is prior to the start of the meeting.

Shareholders may be represented in the Shareholders' Meeting, providing the representative appointed by the Bank with a written proxy without expense on their part, or a proxy transmitted electronically as provided by applicable regulations. In this case, the electronic notification of the proxy may be carried out using the appropriate section of the Company's Website, according to the procedures indicated in the notice of call.

Shareholders have the right to ask questions about the items on the agenda by e-mailing said queries to ufficiolegale@finnat.it, or by posting them addressed to Banca Finnat S.p.A. – Ufficio Legale – Piazza del Gesù 49, 00186 Rome, attaching the documents proving the legitimate right to vote.

Shareholders who individually or jointly represent at least one fortieth of the share capital, may ask, within 10 days of the publication of the notice of call, for the supplement of the items on the agenda, specifying the further items proposed in the request. The request must be presented in writing to the registered office, upon demonstration of the relative legitimate presence of the Shareholders' proposing it. Within the above terms and in the same ways, any proponent must also provide the Board of Directors with a report on the items whose discussion is proposed.

Shareholders attending the meeting may speak by raising their hands.

Six directors attended the Shareholders' Meeting of 28 April 2014.
The Board of Directors reported on the operations it carried out.

All documents about the Shareholders' Meeting are made available in a timely manner on the Bank's Website and at its registered office.

The minutes of the Meeting, when not drawn up by a notary, must be signed by the Chairman and Secretary. Considering the current dimensions of the attendance by shareholders at the Bank's Shareholders' Meetings, the Board of Directors has not currently held it necessary to adopt meeting regulations.

During the year, no significant changes occurred in the market capitalisation of the Bank's shares or in its shareholders.

17 FURTHER CORPORATE GOVERNANCE PRACTICES

Credits Committee

With a specific resolution taken on 16 February 2004, the Directors considered it appropriate to set up a Credits Committee as a consulting tool during the resolution on whether or not to grant credit lines.

Subsequently, during the meeting of 12 November 2010, the Board established to assign the decision-making function to the Credits Committee up to the limits established by the Board.

It comprises, upon appointment by the Board of Directors, eight members of the Bank's Senior Management:

* Angelo Nattino	Deputy Chairman of the Board of Directors
Leonardo Buonvino	Deputy Chairman of the Board of Directors
Arturo Nattino	Managing Director/General Manager
Tommaso Gozzetti	Chairman of the Board of Directors Finnat Investments S.p.A. until 28 November 2014
Paolo Collettini	Joint General Manager
Giulio Bastia	Assistant General Manager – Credit and Advisory Area
Carlo Pittatore	Sales Manager

*. Member of the Committee until 10 June 2014.

Depending on the items up for discussion, other professionals or third parties may be invited to attend the meetings.

Functions of the committee

- To support senior management and the Board of Directors in formulating credit policies in order to ensure the quality and the efficient and effective development of credit activities;
- to propose improvements to make to the credit Regulations, to the procedures and systems supporting the lending activity;
- to examine, for consultation purposes and upon proposal and opinions formally expressed by the competent functions, proposals to assume the credit risk for all types of credit within the risk limit predetermined or set by the Board of Directors and the status shift for the position under its competence;
- to decide, within the limits of its authority, on proposals to assume the credit risk for all types of credit within the risk limit predetermined or set by the Board of Directors and the status shift for the position under its competence;
- to perform periodic checks on credit exposures in terms of performance by type of loan and to decide on overdrafts and impaired loans and relating to the loan positions on the basis of reports prepared by the Credits Organisational Unit;
- to formulate the credit policy contents to be submitted to the Board of Directors.

Function and regularity of meetings

The Credits Committee elects a Chairman from amongst its members in the person of Arturo Nattino.
The Head of the Legal Department serves as Committee Secretary, preparing the meeting minutes.

The minutes, approved at the end of the meeting, are signed by the Chairman and by the Secretary and the related documentation is retained by the Legal Department.

The Committee generally meets once a week and, in any case, each time it may be necessary.

Resolutions – Confidentiality obligations

The Committee passes its resolutions by majority vote of those in attendance, expressed by raising their hands. Any contrary votes or abstentions are mentioned in the minutes.

Committee members shall keep strict confidentiality and refrain from divulging any information whereof they become aware in the performance of their duties and they act with utmost diligence to prevent the external disclosure of confidential information

Limits to decision-making authority - the Credits Committee may approve and authorise settlements and concessions / renewals / changes to credit lines, within the scope of his powers, by technical form, as described in detail below:

i. granting credit lines / loans with "class A risk" as defined by the credit Regulations, up to a maximum amount of 2,500,000 euros;
ii. granting credit lines / loans with "class B risk" as defined by the credit Regulations, up to a maximum amount of 3,000,000 euros;
iii. granting credit lines / loans with "class C risk" as defined by the credit Regulations, up to a maximum amount of 5,000,000 euros;
iv. granting credit lines for customers' "forward transactions", up to a maximum amount of 5,000,000 euros. For forward transactions hedging positions in securities with duration up to 6 months, a "utilisation" of the line equal to 20% of the forward, equal to 50% with durations above 6 months is generated. For speculative transactions, the "utilisation" is 100% of the forward;
v. ordering the allocation of non-performing loans with maximum write-down up to 350,000 euros for each position and to propose anomalous receivables with higher losses to the Board of Directors;
vi. resolving with regards the restructuring of anomalous loan positions involving the booking of losses no greater than 350,000 euros per position and to propose to the Board of Directors anomalous loan positions with higher losses.

These limits were updated by the Board of Directors' resolution of 29 January 2014. The Committee also expresses an opinion with regards to the granting of credit lines for signing and cash and loans in general in relation to financial transactions of all natures and types, even where exceeding the short-term, for cash or other, on the basis of proposals prepared by the competent departments, for proposals under the competence of higher bodies.

Reporting

The Committee shall periodically report to the Board of Directors on the activity it carries out.

* * *

Management Committee

The Management Committee is a support body to Senior Management, set up in order to outline, in general terms, investment strategies for products of "Managed Savings" and monitor the relevant results.

The Management Committee currently consists of:

Managing Director/General Manager
* Deputy Chairman (Angelo Nattino),
Financial Services Manager,
Asset Management Department Manager,
Institutional Investor Department Manager,
Studies, research and investor relations Manager,
Major Customer Office Manager.

*Member of the Committee until 10 June 2014.

The Committee is chaired by the Managing Director/General Manager.

The Managing Director/General Manager can appoint up to four other members of the Committee, chosen from the Bank Executives.

The Committee is entrusted with the following tasks:

a) assessing the general macroeconomic setting and the foreseeable market outlook;
b) defining the general management strategic guidelines and the approach to related risks in addition to, where held appropriate, guidelines and/or limits to asset allocation. The Departments must comply with these, without prejudice to the compliance with contractual or regulatory provisions in relation to the services accepted;
c) examining and analysing the regular summary results in relation to the "Managed Savings" product trends prepared during each meeting of the different competent corporate departments.

Treasury Committee

The Treasury Committee supports the Senior Management.

The Treasury Committee currently consists of:

Managing Director/General Manager
*Deputy Chairman (Mr. Angelo Nattino),
Financial Services Manager,
Asset Management Department Manager,
Institutional Investor Department Manager,
Studies, research and investor relations Manager,
Major Customer Office Manager.

*Member of the Committee until 10 June 2014.

Duties:

To assess the Bank's liquidity needs and to draw up strategic treasury lines.

Committee meetings are coordinated by the Treasury Manager.

Internal Risk Committee

The Managing Director/General Manager has proposed to institute a new Committee, i.e. the Risk Committee, which will support the Senior Management and the Board of Directors in the formulation of the Bank's risk identification, measurement, management and monitoring policies, highlighting their specific characteristics:

The Committee currently consists of:

Managing Director/General Manager (chairman)
Joint General Manager
Deputy General Managers;
Head of Internal Audit;
Head of Risk Control;
Head of Anti-Money Laundering;
Head of Compliance;
Head of Operations.

Duties:

- to analyse the bank's level of risk exposure on a quarterly basis, with the support of the units tasked with risk management and control, providing its assessments and considerations with respect to Senior Management;
- to analyse and propose upgrades to the internal control system tasked with managing the bank's risks;
- periodically report to the Board of Directors on the analyses performed and the conclusions reached.

18 CHANGES SINCE THE YEAR END OF REFERENCE

The Board of directors on 30 January 2015 approved a new update of the document Powers and Proxies.

TABLE 1: INFORMATION ON SHAREHOLDERS

SHARE CAPITAL STRUCTURE

	No. of shares	% of share capital	Listed/ unlisted	Rights and obligations
Ordinary shares	362,880,000	100%	STAR	N.A.
Shares with limited voting right	N.A.	N.A.	N.A.	N.A.
Shares without voting right	N.A.	N.A.	N.A.	N.A.

OTHER FINANCIAL INSTRUMENTS
(assignors of the right to subscribe newly-issued shares)

	Listed/ unlisted	No. of instruments in issue	Category of shares under conversion/ exercise	No. of shares under conversion/ exercise
Convertible bonds	N.A.	N.A.	N.A.	N.A.
Warrants	N.A.	N.A.	N.A.	N.A.

MAJOR EQUITY INVESTMENTS*

Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital
Finnat Fiduciaria**	Finnat Fiduciaria	73.45%	N.A.
Finnat Fiduciaria	Nattino Arturo	21.67%	N.A.
Finnat Fiduciaria	Nattino Andrea	10.85%	N.A.
Finnat Fiduciaria	Nattino Giulia	12.00%	N.A.
Finnat Fiduciaria	Nattino Paola	12.00%	N.A.
Finnat Fiduciaria	Nattino Giampietro	4.583%	N.A.
GL Investimenti Srl	GL Investimenti Srl	2.013%	N.A.

* Based on the communications pursuant Article 120 of the Italian Consolidated Financial Law on 31 December 2013.

** fiduciary administration

Note:

N.A. = Not Applicable

TABLE 2: COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors										
Office	Members	In office since	In office until	List (M/m) *	Exec.	Non exec.	Indep. per the Code	Indep. per Cons. Fin. Law	(%) **	Number of other offices held ***
Chairman	Nattino Giampietro	26.04.12	Appr. of 2014 Fin. St.	N.A.		X			100	5
Deputy Chairman	Buonvino Leonardo	26.04.12	Appr. of 2014 Fin. St.	N.A.	X				100	1
Managing Director	Nattino Arturo	26.04.12	Appr. of 2014 Fin. St.	N.A.	X				100	5
Director	Boffa Ermanno	26.04.12	Appr. of 2014 Fin. St.	N.A.		X	X	X	80	4
Director	Carlevaris Carlo	26.04.12	Appr. of 2014 Fin. St.	N.A.		X			70	6
Director	Caltagirone Francesco	26.04.12	Appr. of 2014 Fin. St.	N.A.		X			30	7
Director	Cusmai Roberto	26.04.12	Appr. of 2014 Fin. St.	N.A.		X	X	X	100	0
Director	Nattino Giulia	15.03.13	Appr. of 2014 Fin. St.	N.A.		X			90	1
Director	Rattazzi Lupo	26.04.12	Appr. of 2014 Fin. St.	N.A.		X			80	3
Director	Rizzuti Saverio	25.06.14	Appr. of 2014 Fin. St.	N.A.	X				100	0
Director	Tofanelli Marco	26.04.12	Appr. of 2014 Fin. St.	N.A.		X	X	X	90	3
DIRECTORS WHO LEFT OFFICE DURING THE YEAR										
Deputy Chairman	Nattino Angelo	26.04.12	10.06.14	N.A.	x				10%	3
Quorum required for the presentation of lists on the occasion of the latest appointment: 2.5%										
No. of meetings held during the year		BoD 10		CRC 6		RC 4		AC 2	EC N.A.	

Notes:

* This column contains the indication M/m depending on whether the member was elected from the list voted by the majority (M) or by a minority (m).

** This column shows the auditors' percentage of attendance at the meetings respectively of the Board of Directors and of the committees (no. of meetings at

*** This column shows the number of positions as director or auditor held by the individual in other entities listed on regulated markets, including foreign ones, company where the office is held is in the Group of which the Issuer is a part or is the Parent Company.

**** In this column, an "X" indicates that the member of the Board of Directors is a member of the related committee.

N.A. = Not Applicable

Control and risk Committee		Remuneration Committee		Appointment Committee		Executive Committee (if any)	
****	**	****	**	****	**	****	**
						N.A.	N.A.
						N.A.	N.A.
				X	100%	N.A.	N.A.
X	100%	X	100%	X	100%	N.A.	N.A.
						N.A.	N.A.
						N.A.	N.A.
X	100	X	100			N.A.	N.A.
						N.A.	N.A.
						N.A.	N.A.
X	100%	X	100%	X	100%	N.A.	N.A.
						N.A.	N.A.

tended/no. of meetings held during the individual's actual period in office).

in financial, banking, insurance or significantly sized entities. Attach to the Report the list of such entities with reference to each directors, specifying whether the

TABLE 3: COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors							
Position	**Members**	**In office since**	**In office until**	**List (M/m)** *	**Independ. per the code**	**(%)** **	**Number of other offices held** ***
Chairman	De Nigro Alberto	26/04/12	Appr. of Fin. St. for 2014	M	X	100	10
Permanent Auditor	de' Micheli Alessandro	26/04/12	Appr. of Fin. St. for 2014	M	X	100	1
Permanent Auditor	Minnetti Francesco	26/04/12	Appr. of Fin. St. for 2014	M	X	100	6
Alternate Auditor	Staffa Antonio	26/04/12	Appr. of Fin. St. for 2014	M	X	–	19
Alternate Auditor	Sica Amaduzzi Aldo	26/04/12	Appr. of Fin. St. for 2014	M	X	–	2
AUDITORS WHO LEFT OFFICE DURING THE YEAR							
	Surname First name	N.A.	N.A.	N.A.	N.A.	N.A.	
Indicate the quorum required for the presentation of lists on the occasion of the latest appointment: 1%							
Number of meetings held during the year: 13							

Notes:

* This column contains the indication M/m depending on whether the member was elected from the list voted by the majority (M) or by a minority (m).

** This column shows the auditors' percentage of attendance at Board meetings (no. of meetings attended/no. of meeting held during the individual's actual period in office).

*** This column shows the number of positions as director or auditor held by the individual, of relevance pursuant to Article 148-bis of the Italian Consolidated Financial Law. The comprehensive list of appointments is enclosed, in accordance with Article 144-quinquiesdecies of the Consob Issuers' Regulations, to the report on the supervisory activity, prepared by the auditors in accordance with Article 153, Paragraph 1 of the Italian Consolidated Financial Law.

N.A. = Not Applicable