FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
OF THE BANCA FINNAT GROUP

REPORT
ON GROUP OPERATIONS

Dear Shareholders,

The consolidated financial statements of Banca Finnat Group for the year ended 31 December 2014 show a net profit of 4,248 thousand euros, down by 600 thousand euros compared to the previous year's 4,848 thousand euros (-12%).

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

- **Earnings margin** totals 45,264 thousand euros, compared to 40,843 thousand euros in the previous financial year. The increase by 4,421 thousand euros (+11%) may be broken down as follows:

  increases
  - 1,571 thousand euros for Net commissions (25,770 thousand euros at 31 December 2014, compared to 24,199 thousand euros in the previous year);
  - 947 thousand euros for Dividends and similar income (3,786 thousand euros at 31 December 2014, compared to 2,839 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;
  - 3,203 thousand euros for Profit from the sale of available-for-sale securities (4,812 thousand euros in 2014, compared to 1,609 thousand euros in 2013).

  decreases
  - 2,102 thousand euros for Interest margin (12,597 thousand euros at 31 December 2014 compared to 14,699 thousand euros in the previous year);

- **Value adjustments for impairment** amounted to 3,041 thousand versus 739 thousand euros in 2013. The item includes 1,392 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 33,850 thousand euros compared to 30,865 thousand euros in 2013, up by 2,985 thousand euros overall; their breakdown is as follows:

- staff costs, which total 21,860 thousand euros, are up by 242 thousand euros compared to 2013 (21,618 thousand euros).
- other administrative expenses totalling 13,670 thousand euros increased by 1,896 thousand euros compared to the previous year (11,774 thousand euros).The growth is mainly due to the increased stamp duty applied to the deposits and accounts of the Parent Company's customers.
  The recoveries of this tax and of the other expenses - non recorded in reduction of Other administrative expenses - are allocated in item 220. Other operating income/expenses amount to 3,822 thousand euros (2,630 thousand euros in 2013). Therefore, other administrative expenses, excluding these recoveries, amounted to 9,848 thousand euros compared to 9,144 thousand euros in 2013;
- other operating income/expenses show a balance of 2,191 thousand euros versus 3,051 thousand euros in 2013. In addition to recovered costs from customers, the item also includes the non-recurring expense referred to the subsidiary Investire Immobiliare SGR S.p.A. and represented by 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. This non-recurring expense totals 3,196 thousand euros, of which 838 thousand euros reimbursed by a subscriber and 2,358 thousand euros for whose collection a legal action is pending. The item also includes the amount of 622 thousand euro as an indemnity recognised by the minority Shareholder of the subsidiary in view of a specific guarantee provided in relation to the merger by absorption completed at the end of the year in question, which involved the subsidiary as the absorbing entity.

- **Income taxes** amount to 3,704 thousand euros versus 4,302 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".

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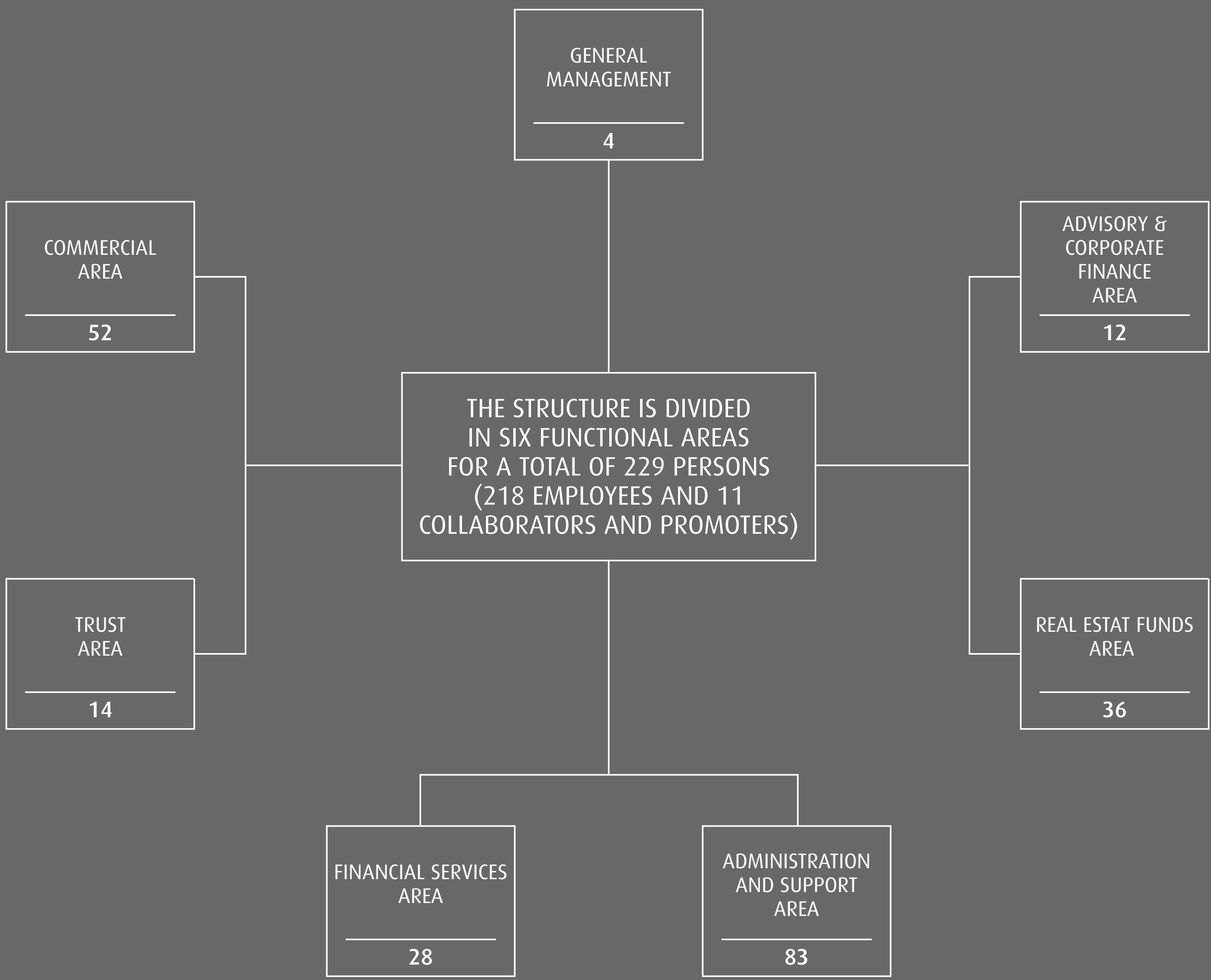
THE STRUCTURE OF BANCA FINNAT EURAMERICA AND OF GROUP COMPANIES

The allocation of total human resources within the activities carried out by the Bank and the Group subsidiaries can be represented as follows:



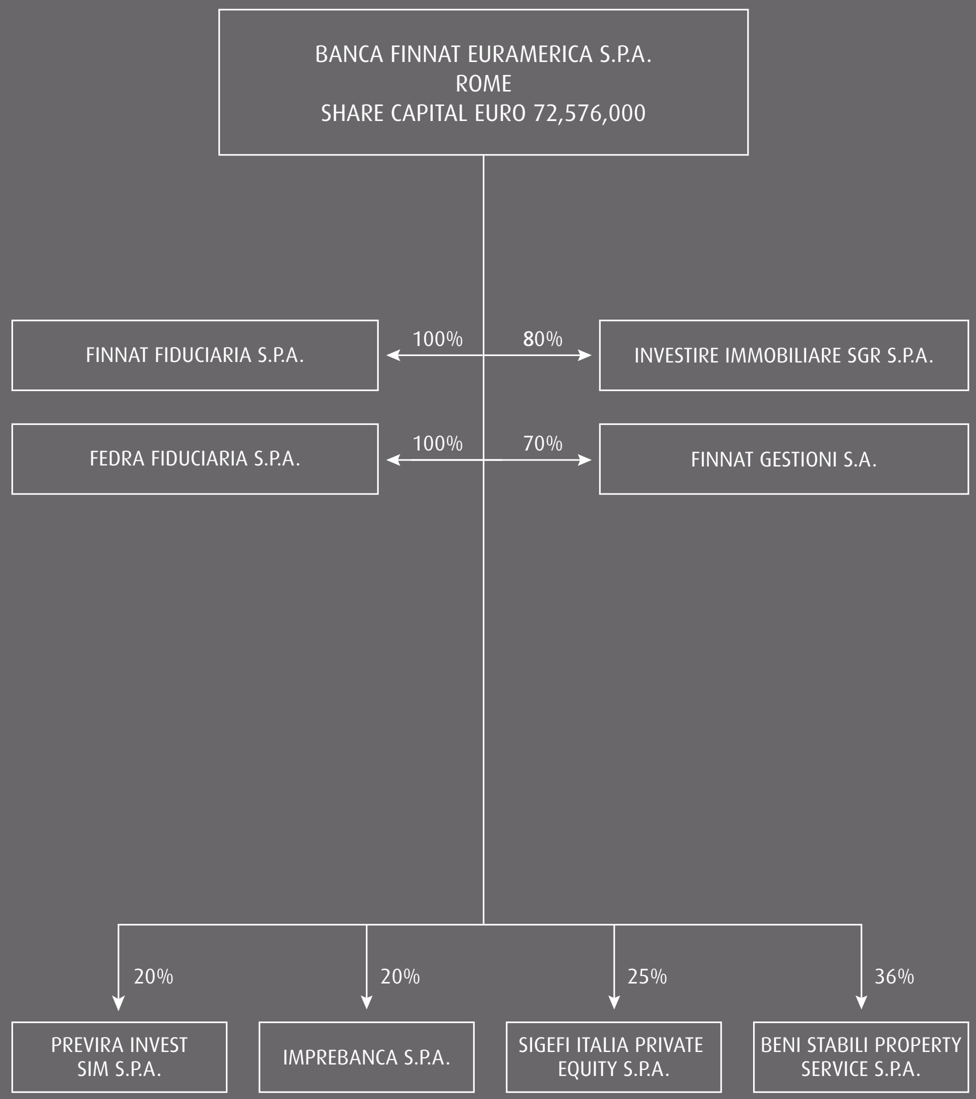
The total number of personnel in the Group increased from 219 at 31 December 2013 to 229 at 31 December 2014 as shown in detail below:

	31.12.2014	31.12.2013
staff	**218**	**208**
executives	32	30
managers	87	84
clerical workers	99	94
contractors	**8**	**8**
promoters	**3**	**3**
Total	**229**	**219**

Since 1 January 2015 the total number of the Group's personnel increased to 300 as a result of the merger by absorption of Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. into the subsidiary Investire Immobiliare SGR S.p.A.

THE GROUP'S COMPANIES

At 31 December 2014, the Group's structure was as follows:



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. had initial date of legal validity on 2 December 2014; for the purposes of its accounting and tax effects, the initial date of validity was 1 January 2014.
The merger by absorption of Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. into the subsidiary Investire Immobiliare SGR S.p.A. had its initial date of legal validity on 29 December 2014, while for the purposes of its accounting and tax effects, the initial date of validity was 1 January 2015. The Bank's shareholding in Investire Immobiliare SGR S.p.A., in percentage terms, decreased from 80% to 50.16%.

TOTAL GROUP ASSETS

Assets at 31 December 2014 - represented by asset management accounts, management proxies from third parties, assets under administration, trust assets under administration, portfolios invested in real estate funds Luxembourg-based UCIs of which the Parent Company is the “Promoter” - amounted to a total of 9,278 million euros, 601 million euros more (+7%) than the figure at 31 December 2013 (8,677 million euros).

Trends

(in thousand of euros)

	December 2011	December 2012	December 2013	December 2014
Assets under management (Asset management accounts and management proxies received from third parties) (*)	830,271	624,274	620,656	670,942
Assets under administration (**)	3,600,143	2,980,294	3,683,917	3,883,748
Trusteeship	1,466,914	1,463,583	1,494,833	1,382,996
Real Estate Funds	2,345,652	2,163,520	2,265,011	2,637,332
	8,242,980	**7,231,671**	**8,064,417**	**8,575,018**
New Millennium Sicav, New Millennium SIF and Rinascimento Sicav (***)	621,363	599,984	612,302	702,614
	8,864,343	**7,831,655**	**8,676,719**	**9,277,632**

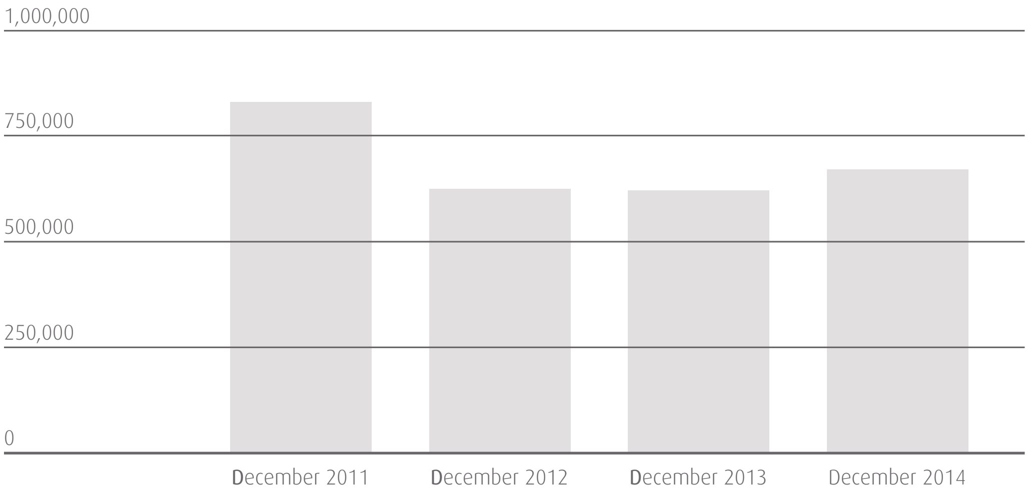
(*) The amount shown includes the figures of Finnat Gestioni S.A. i.e. 88,888 thousand euros as at 31 December 2014, 86,929 thousand euros as at 31 December 2013, 80,079 thousand euros at 31 December 2012 and 44,694 thousand euros as at 31 December 2011.

(**) The amount shown as at 31 December 2014 includes 183,688 thousand euros of securities deposited for advisory services

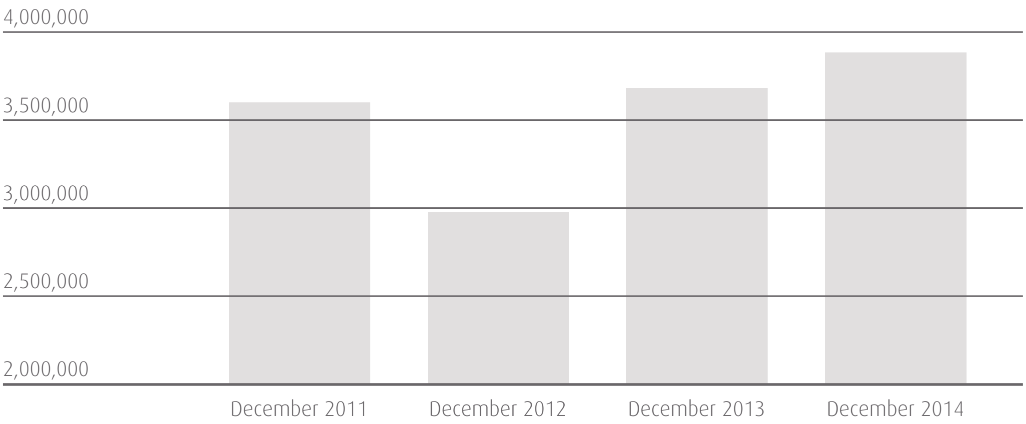
(***) Luxembourg-based UCI, the “Promoter” of which is Banca Finnat Euramerica.

The following charts show trends in the assets of the Group by type:

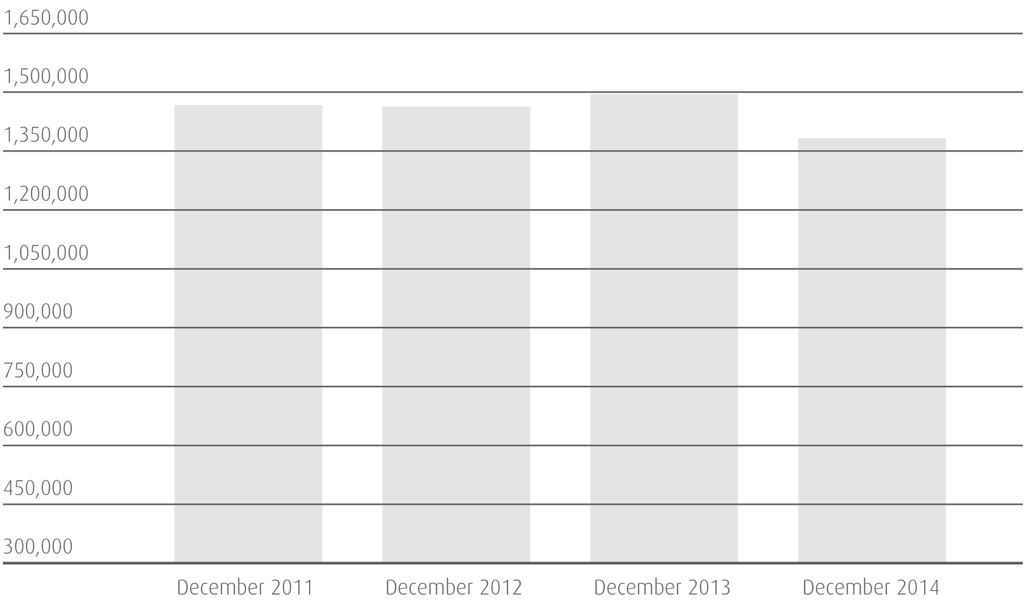
Assets under management (Asset management accounts and management proxies received from third parties)



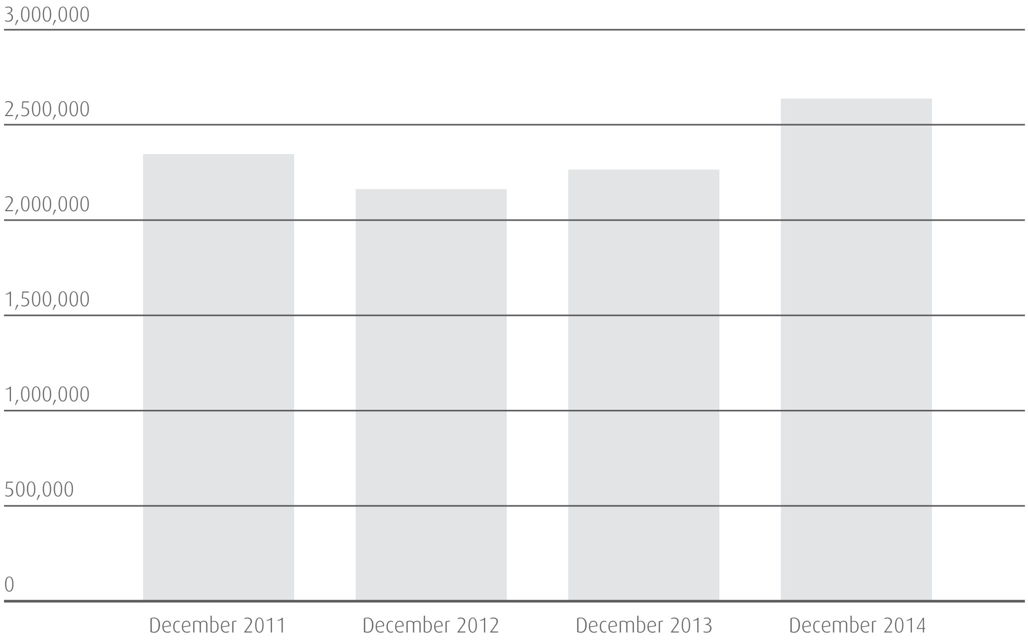
Assets under administration



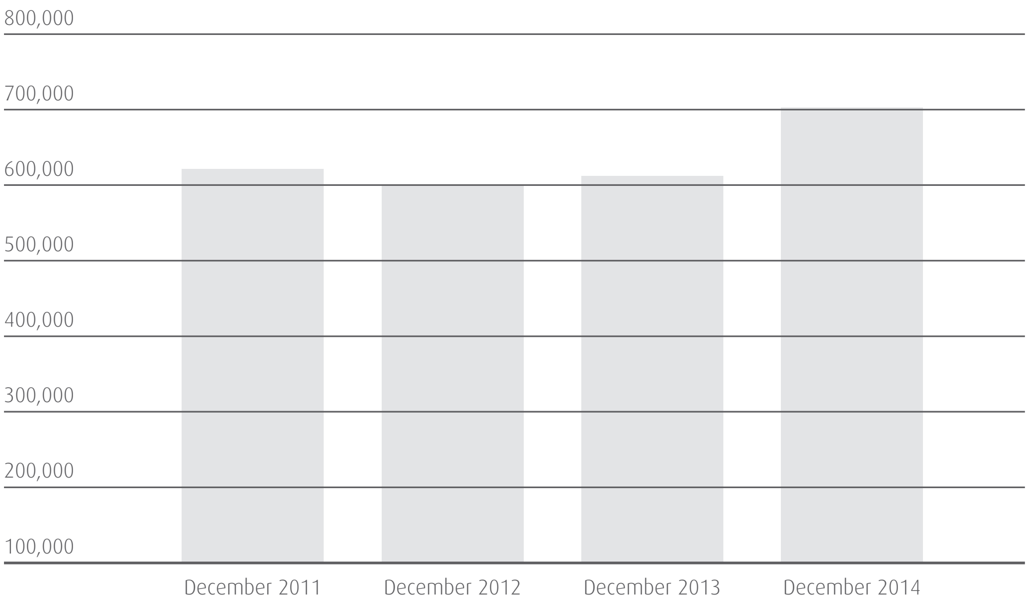
Trusteeship



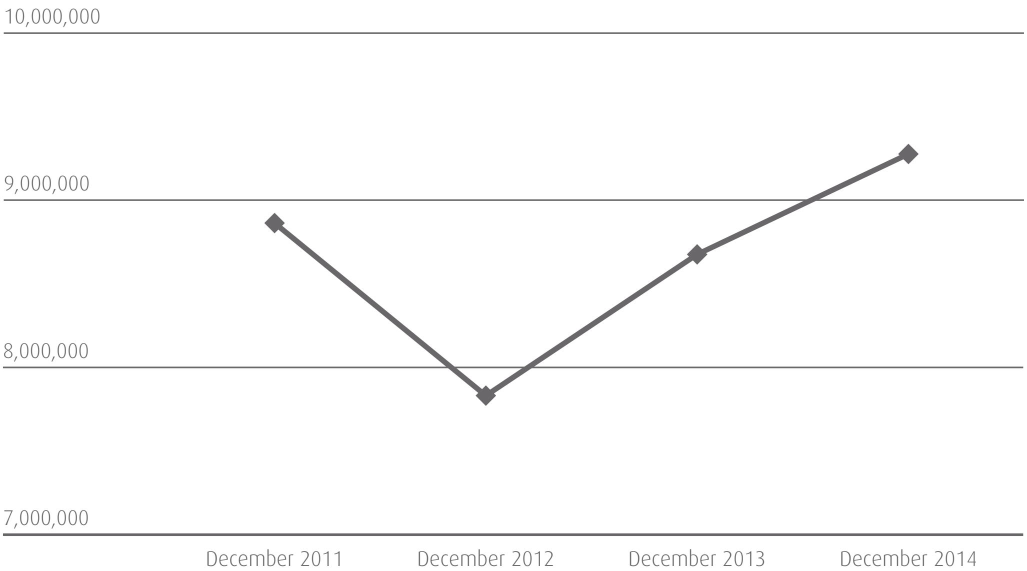
Real Estate Funds



New Millennium Sicav, New Millennium SIF and Rinascimento Sicav



Total Group assets



GROUP OPERATIONS

For comments on the performance of part-owned company operations, readers are invited to refer to the report on operations in the financial statements of Banca Finnat Euramerica S.p.A., which is included in this report.

Pursuant to Consob communication no. 98084143 of 27 October 1998, it should be noted that the Group principally operates in Italy and in any event does not have operations in locations that are considered to be risk areas.

Transactions regarding securities and equity investments are illustrated and examined in detail in the Notes to the Financial Statements.

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

CONSOLIDATED BALANCE SHEET

(in thousand of euros)

	31.12.2014	31.12.2013	Absolute change
ASSETS			
Cash and cash equivalents	665	739	(74)
Financial assets held for trading	106,246	126,189	(19,943)
Available-for-sale financial assets	790,205	558,990	231,215
Financial assets held to maturity	2,319	2,670	(351)
Due from banks	76,020	97,050	(21,030)
Due from customers (*)	289,483	310,902	(21,419)
Equity investments	10,822	10,800	22
Tangible assets	5,207	5,475	(268)
Intangible assets	4,190	4,193	(3)
Tax assets	5,492	6,064	(572)
Other assets	14,486	12,174	2,312
TOTAL ASSETS	**1,305,135**	**1,135,246**	**169,889**
LIABILITIES AND NET EQUITY			
Due to banks	97,204	95,485	1,719
Due to customers	937,095	792,793	144,302
Outstanding securities	46,958	41,685	5,273
Financial liabilities held for trading	2,359	381	1,978
Tax liabilities	4,303	5,309	(1,006)
Other liabilities	18,702	10,399	8,303
Staff severance fund	3,993	3,580	413
Net equity of minority interests	3,436	3,474	(38)
Group net equity	191,085	182,140	8,945
TOTAL LIABILITIES AND NET EQUITY	**1,305,135**	**1,135,246**	**169,889**

(*) Including Deposits for margins with the Cassa di Compensazione e Garanzia amounting to 14,243 thousand euros. The amount for the year 2013 (17,589 thousand euros) was reclassified from Other assets.

CONSOLIDATED INCOME STATEMENT

(in thousand of euros)

	FY 2014	FY 2013	Absolute change	Percent change
Interest margin	**12,597**	**14,699**	**(2,102)**	**-14%**
Net Commissions	**25,770**	**24,199**	**1,571**	**6%**
Dividends and similar income	3,786	2,839	947	
Net income from trading activities	(1,701)	(2,503)	802	
Net profit (loss) from the transfer or the repurchase of:				
- available-for-sale financial assets	4,812	1,609	3,203	
Earnings margin	**45,264**	**40,843**	**4,421**	**11%**
Value adjustment for impairment	(3,041)	(739)	(2,302)	
Net income from financial operations	**42,223**	**40,104**	**2,119**	**5%**
Staff costs	(21,860)	(21,618)	(242)	
Other administrative expenses	(13,670)	(11,774)	(1,896)	
Value adjustments on tangible and intangible assets	(511)	(524)	13	
Other operating income/expenses	2,191	3,051	(860)	
Operating costs	**(33,850)**	**(30,865)**	**(2,985)**	**10%**
Profit (loss) from equity investments	**315**	**635**	**(320)**	
Pre-tax income (loss) from current operations	**8,688**	**9,874**	**(1,186)**	**-12%**
Income tax for the year on current operations	(3,704)	(4,302)	598	
Income (loss) from current operations after tax	**4,984**	**5,572**	**(588)**	**-11%**
Profit (loss) of minority interests	(736)	(724)	(12)	
Net profit (loss) for the year pertaining to the Parent Company	**4,248**	**4,848**	**(600)**	**-12%**

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

	FY 2014 %	FY 2013 %
Interest margin/earnings margin	27.83	35.99
Net commissions/earnings margin	56.93	59.25
Cost/income ratio (operating costs/earnings margin)	74.78	75.57
ROE (profit for the year/net equity)	2.22	2.66
ROA (profit for the year/total assets)	0.33	0.43

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 decreased as a result of the 6% increase in net commissions versus 11% growth in the earnings margin compared to the previous financial year;
- the cost/income ratio decreased as a result of the increase in the earnings margin that exceeded the increase in operating costs;
- the Return On Equity (ROE) and the Return On Assets (ROA) remained substantially unchanged.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL PERIOD

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

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 of the Bank, 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.

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 and Group companies – 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 Annex 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 Group’s capital adequacy and risk management are illustrated at length in the Notes to the financial statements, respectively in Part F – Information on Consolidated Net Equity and in Part E – Risk Information and Related Hedging Policies.

CONSOLIDATED OWN FUNDS AND CAPITAL RATIOS

Since 1 January 2014, the Consolidated regulatory capital is determined based on the new harmonised regulations for the Banks and the Investment companies contained in the Regulation (“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 (the so-called 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”.

The transition to the new regime has not yet entailed any significant impact on the Own Funds and on the capital ratios of the banking group. Pursuant to the new regulation, in fact, the Consolidated Regulatory Capital (Own Funds), at 31 December 2014, amounts to 137,087 thousand euros whereas its total capital ratio stands at 29.8% versus the 8% minimum requirement set forth in the current legislation for Credit Institutions.

The Consolidated regulatory Capital, at 31 December 2013, calculated according to the previous regulations (Basel 2), amounted to 144,721 thousand euros, while the Total Capital Ratio stood at 32.5%.

RESEARCH & DEVELOPMENT

For research and development activities, readers should refer to the comments contained in the report on operations attached to the separate financial statements of the parent company.

STRATEGY FOR 2015 AND OPERATING OUTLOOK

Based on the indications emerged from these Financial Statements and taking into account the forecast formulated with the proverbial prudence with regard to the results achievable by the subsidiary Investire Immobiliare SGR S.p.A. after the completion of the merger by absorption, the 2015 consolidated result is expected to exceed the one in 2014.

CONSOLIDATED NET EQUITY OF THE GROUP

The Group's net equity at 31 December 2014, including the profit for the period, totalled 191,085 thousand euros and changed as follows:

Trend in Group Net Equity

(in thousands of euros)

Net equity at 31 December 2013	**182,140**
Dividend distribution	(3,629)
Change in valuation reserves	8,577
Changes in other reserves	24
Changes in reserves from stock options	176
Changes for purchase of own shares	(451)
Profit (loss) in the period	4,248
Net equity at 31 December 2014	**191,085**

Reconciliation between the Parent Company's and the Group's net equity and results

(in thousands of euros)

	Net equity	of which: Profit (loss) for the period
Balance as per the Parent Company's financial statements at 31 December 2014	**233,512**	**4,333**
Results of subsidiaries as per the statutory financial statements:		
- fully consolidated companies	2,975	2,975
- valued by equity method	(350)	315
Amortisation of positive differences:		
- previous years	(984)	
Surplus over the book value related to:		
- fully consolidated companies	5,557	
Elimination of dividends	(389)	(3,375)
Other consolidation adjustments:	(49,236)	–
Balance resulting from the consolidated financial statements of the group at 31 December 2014	**191,085**	**4,248**

Information on stock option plans

The Shareholders' Meeting of the Parent Company 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 BoD 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.

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.

Rome, 12 March 2015

CONSOLIDATED BALANCE SHEET

(in thousands of euros)

	Asset items	31.12.2014	31.12.2013
10.	Cash and cash equivalents	665	739
20.	Financial assets held for trading	106,246	126,189
40.	Available-for-sale financial assets	790,205	558,990
50.	Financial assets held to maturity	2,319	2,670
60.	Due from banks	76,020	97,050
70.	Due from customers (*)	289,483	310,902
100.	Equity investments	10,822	10,800
120.	Tangible assets	5,207	5,475
130.	Intangible assets	4,190	4,193
	of which:		
	- goodwill	300	300
140.	Tax assets	5,492	6,064
	a) current	2,115	2,198
	b) advance	3,377	3,866
	of which in Italian Law 214/2011	2,221	2,310
160.	Other assets	14,486	12,174
	Total assets	**1,305,135**	**1,135,246**

(*) Including Deposits for margins with the Cassa di Compensazione e Garanzia amounting to 14,243 thousand euros. The amount for the year 2013 (17,589 thousand euros) was reclassified from item 160. Other assets.

	Liabilities and net equity	31.12.2014	31.12.2013
10.	Due to banks	97,204	95,485
20.	Due to customers	937,095	792,793
30.	Outstanding securities	46,958	41,685
40.	Financial liabilities held for trading	2,359	381
80.	Tax liabilities	4,303	5,309
	a) current	452	1,261
	b) deferred	3,851	4,048
100.	Other liabilities	18,702	10,399
110.	Staff severance fund	3,993	3,580
140.	Valuation reserves	28,699	20,121
170.	Reserves	97,972	96,554
190.	Share capital	72,576	72,576
200.	Own shares (-)	(12,410)	(11,959)
210.	Net equity of minority interests (+/-)	3,436	3,474
220.	Profit (Loss) for the year (+/-)	4,248	4,848
	Total liabilities and net equity	**1,305,135**	**1,135,246**

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	Items	FY 2014	FY 2013
10.	Interest income and similar income	16,950	18,346
20.	Interest expense and similar expense	(4,353)	(3,647)
30.	**Interest margin**	**12,597**	**14,699**
40.	Commission income	27,121	26,098
50.	Commission expense	(1,351)	(1,899)
60.	**Net Commissions**	**25,770**	**24,199**
70.	Dividends and similar income	3,786	2,839
80.	Net income from trading activities	(1,701)	(2,503)
100.	Profit (loss) from the transfer or the repurchase of:		
	b) available-for-sale financial assets	4,812	1,609
120.	**Earnings margin**	**45,264**	**40,843**
130.	Net value adjustments/write-backs for impairment of:		
	a) receivables	(1,392)	(681)
	b) available-for-sale financial assets	(1,602)	(58)
	d) other financial transactions	(47)	–
140.	**Net income from financial operations**	**42,223**	**40,104**
180.	Administrative expenses:		
	a) staff costs	(21,860)	(21,618)
	b) other administrative expenses	(13,670)	(11,774)
200.	Net value adjustments/write-backs on tangible assets	(436)	(441)
210.	Net value adjustments/write-backs on intangible assets	(75)	(83)
220.	Other operating income/expenses	2,191	3,051
230.	**Operating costs**	**(33,850)**	**(30,865)**
240.	Profit (loss) from equity investments	315	635
280.	**Pre-tax income (loss) from current operations**	**8,688**	**9,874**
290.	Income tax for the year on current operations	(3,704)	(4,302)
300.	**Income (loss) from current operations after tax**	**4,984**	**5,572**
320.	**Profit (loss) for the year**	**4,984**	**5,572**
330.	Profit (loss) for the year for minority interests	(736)	(724)
340.	**Net profit (loss) for the year pertaining to the Parent Company**	**4,248**	**4,848**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)

	Items	FY 2014	FY 2013
10.	**Profit (loss) for the year**	**4,984**	**5,572**
	Other income items after tax without reallocation to income statement		
40.	Defined-benefit plans	(229)	161
60.	Share of valuation reserves of equity investments valued by equity method	96	(86)
	Other income items after tax with reallocation to income statement		
100.	Available-for-sale financial assets	8,673	7,334
130.	**Total other income items after tax**	**8,540**	**7,409**
140.	**Comprehensive income (Item 10+130)**	**13,524**	**12,981**
150.	Consolidated comprehensive income pertaining to minority interests	699	735
160.	**Consolidated comprehensive income pertaining to the parent company**	**12,825**	**12,246**

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY AT 31 DECEMBER 2014

(in thousands of euros)

	Total net equity at 31.12.2013	Changes in opening balances	Total net equity at 01.01.2014	Allocation of previous FY profit	
				Reserves	Dividends and other allocations
Share capital:	**72,576**		**72,576**	**–**	**–**
a) ordinary shares	72,576		72,576	–	–
b) other shares	–		–	–	–
Share Issue premium	**–**		**–**	**–**	**–**
Reserves:	**99,618**	**–**	**99,618**	**1,943**	**–**
a) profit	87,588		87,588	2,267	
b) other	12,030		12,030	(324)	–
Valuation reserves	**19,807**		**19,807**	**–**	**–**
Capital instruments	**–**		**–**	**–**	**–**
Treasury shares	**(11,959)**		**(11,959)**	**–**	**–**
Net Profit (Loss) for the year	**5,572**		**5,572**	**(1,943)**	**(3,629)**
Total net equity	**185,614**	**–**	**185,614**	**–**	**(3,629)**
of which: Group net equity	**182,140**	**–**	**182,140**	**–**	**(3,629)**
of which: Minority interests	**3,474**	**–**	**3,474**	**–**	**–**

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY AT 31 DECEMBER 2013

(in thousands of euros)

	Total net equity at 31.12.2012	Changes in opening balances	Total net equity at 01.01.2013	Allocation of previous FY profit	
				Reserves	Dividends and other allocations
Share capital:	**72,576**		**72,576**	**–**	**–**
a) ordinary shares	72,576		72,576	–	–
b) other shares	–		–	–	–
Share Issue premium	**–**		**–**	**–**	**–**
Reserves:	**97,558**	**43**	**97,601**	**2,830**	**–**
a) profit	82,810	45	82,855	5,557	
b) other	14,748	(2)	14,746	(2,727)	–
Valuation reserves	**12,683**	**(285)**	**12,398**		
Capital instruments	**–**		**–**	**–**	**–**
Treasury shares	**(10,940)**		**(10,940)**	**–**	**–**
Net Profit (Loss) for the year	**6,217**	**242**	**6,459**	**(2,830)**	**(3,629)**
Total net equity	**178,094**	**–**	**178,094**	**–**	**(3,629)**
of which: Group net equity	**174,528**	**–**	**174,528**		**(3,629)**
of which: Minority interests	**3,566**	**–**	**3,566**		

Changes during the year											
	Net Equity transactions										
Changes in the reserves	New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock Options	Changes in equity investments	Compre-hensive income FY 31.12.2014	Net equity at 31.12.2014 Total	Net equity at 31.12.2014 Group	Net equity at 31.12.2014 Minority interests
–	–	–	–	–	–	–	–	–	72,576	72,576	–
–	–	–	–	–	–	–	–	–	72,576	72,576	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
(713)	–	–	–	–	–	176	–	–	101,024	97,972	3,052
(222)	–	–		–	–	–	–	–	89,633	86,611	3,022
(491)	–	–	–	–	–	176	–	–	11,391	11,361	30
–	–	–	–	–	–	–	–	8,540	28,347	28,699	(352)
–	–	–	–	–	–	–	–	–	–	–	–
–	–	(451)	–	–	–	–	–	–	(12,410)	(12,410)	
–	–	–	–	–	–	–	–	4,984	4,984	4,248	736
(713)	–	(451)	–	–	–	176	–	13,524	194,521	–	–
24	–	(451)	–	–	–	176	–	12,825	–	191,085	–
(737)	–	–	–	–	–	–	–	699	–	–	3,436

Changes during the year										
	Net Equity transactions									
Changes in the reserves	New share issue	Purchase of own shares	Extra dividend distribution	Change in capital instruments	Derivatives on own shares	Stock Options	Compre-hensive income FY 31.12.2013	Net equity at 31.12.2013 Total	Net equity at 31.12.2013 Group	Net equity at 31.12.2013 Minority interests
–	–	–	–	–	–	–	–	72,576	72,576	–
–	–	–	–	–	–	–	–	72,576	72,576	–
–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–
(824)	–	–	–	–	–	11	–	99,618	96,554	3,064
(824)	–	–		–	–		–	87,588	84,543	3,045
–	–	–	–	–	–	11	–	12,030	12,011	19
–	–	–	–	–	–	–	7,409	19,807	20,121	(314)
–	–	–	–	–	–	–	–	–	–	–
–	–	(1,019)	–	–	–	–	–	(11,959)	(11,959)	
–	–	–	–	–	–	–	5,572	5,572	4,848	724
(824)	–	(1,019)	–	–	–	11	12,981	185,614		
3		(1,019)				11	12,246		182,140	
(827)							735			3,474

CONSOLIDATED STATEMENT OF CASH FLOWS (indirect method)

(in thousands of euros)

	Amount	
	31.12.2014	**31.12.2013**
A. OPERATING ACTIVITIES		
1. Management	**8,582**	**10,255**
- profit (loss) for the period (+/-)	4,248	4,848
- capital gains/losses on financial assets held for trading and on financial assets/liabilities carried at fair value (-/+)	17	1,916
- capital gains/losses on hedging assets (-/+)	–	–
- net value adjustments/write-backs for impairment (+/-)	3,041	739
- net value adjustments/write-backs on tangible and intangible fixed assets (+/-)	589	599
- net allocations to the provisions for risks and charges and other costs/revenues (+/-)	1,181	610
- net premiums not received (-)	–	–
- other insurance income/expenses not received (-/+)	–	–
- taxes, duties and tax credits not liquidated (+/-)	3,704	4,302
- net value adjustments/write-backs of groups of assets being disposed after tax (+/-)	–	–
- other adjustments (+/-)	(4,198)	(2,759)
2. Cash generated by/used in financial assets	**(176,203)**	**(237,370)**
- financial assets held for trading	19,926	20,015
- financial assets carried at fair value	–	–
- available-for-sale financial assets	(232,817)	(200,233)
- due from banks: on demand	387	(2,248)
- due from banks: other receivables	18,712	(16,773)
- due from customers	20,027	(51,420)
- other assets	(2,438)	13,289
3. Cash generated by/used in financial liabilities	**160,807**	**222,842**
- due to bank: on demand	(1,559)	(164)
- due to banks: other payables	3,278	852
- due to customers	144,302	245,394
- outstanding securities	5,273	(22,487)
- financial liabilities held for trading	1,978	(68)
- financial liabilities carried at fair value	–	–
- other liabilities	7,535	(685)
Cash generated by/used in operating activities	**(6,814)**	**(4,273)**

	Amount	
	31.12.2014	31.12.2013
B. INVESTING ACTIVITIES		
1. Cash generated by	**2,016**	**845**
- disposals of equity investments	–	–
- dividends received on equity investments	1,931	797
- disposal of financial assets held to maturity	–	–
- disposals of tangible assets	85	42
- disposals of intangible assets	–	6
- disposals of subsidiaries and business units	–	–
2. Cash used in	**26**	**(295)**
- purchases of equity investments	–	–
- purchases of financial assets held to maturity	351	(55)
- purchases of tangible assets	(253)	(210)
- purchases of intangible assets	(72)	(30)
- purchases of subsidiaries and business units	–	–
Cash generated by/used in investing activities	**2,042**	**550**
C. FINANCING ACTIVITIES		
- issues/purchases of own shares	(451)	(1,019)
- issues/purchases of capital instruments	176	11
- dividend distribution and other purposes	4,973	3,772
Cash generated by/used in financing activities	**4,698**	**2,764**
CASH GENERATED/USED DURING THE YEAR	**(74)**	**(959)**

Key:
(+) generated
(-) used

RECONCILIATION	31.12.2014	31.12.2013
ITEMS		
Cash and cash equivalents at the beginning of the period	739	1,698
Total net cash generated/used during the year	(74)	(959)
Cash and cash equivalents: effect of exchange rate changes	–	–
Cash and cash equivalents at the end of the year	665	739

The data at 31 December 2013 were restated to assure comparability with those referred to 31 December 2014 as a result of the reclassification of the item "other assets" to the item "due from customers" of the Deposits for margins with Cassa di Compensazione e Garanzia (17,589 thousand euros).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BANCA FINNAT EURAMERICA GROUP

The sections of the notes to the financial statements applicable to the Group are shown below.

Part A – Accounting policies

Part B – Information on the consolidated balance sheet

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 Group 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 Regulation (EC) No. 1606/2002.

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 and 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 Group’s going concern assumption. Given the size of the Group’s assets, the substantial financial resources owned and the breakdown, quality and liquidity of the portfolio of financial assets, the Directors of the Bank have prepared these consolidated financial statements in the full conviction that the Group meets the requirements of a going concern in the foreseeable future.

The Consolidated financial statements as at 31 December 2014 were prepared in accordance with the provisions laid down 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 Consolidated financial statements consist of: consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated net equity and consolidated cash flow statement and these notes to the consolidated financial statements. They also comprise the directors' report on operations and situation of the Group.

The Notes to the Consolidated Financial Statements provide all information required by law as well as additional information deemed necessary to give a true and fair representation of the Group'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 comprise items, sub-items and 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 consolidated 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 consolidated financial statements were prepared using the euro as the presentation currency. Regarding the contents of the tables, all figures are expressed in thousands of euro, unless otherwise specified.

The consolidated 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 consolidated 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 consolidated financial statements for Banca Finnat Euramerica 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 shall be effective from 1 January 2015:

- Regulation no. 634/2014 – IAS 37 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 – Scope and methods of consolidation

1. Equity investments in exclusively controlled subsidiaries

Company names	Principal place of business	Registered office	Type of relationship (1)	Investment relationship		Voting rights % (2)
				Investor company	% stake	
1. Investire Immobiliare SGR S.p.A.	Rome	Rome	1	Banca Finnat	80.00	80.00
2. Finnat Fiduciaria S.p.A.	Rome	Rome	1	Banca Finnat	100.00	100.00
3. Fedra Fiduciaria S.p.A.	Rome	Rome	1	Banca Finnat	100.00	100.00
4. Finnat Gestioni S.A.	Lugano	Lugano	1	Banca Finnat	70.00	70.00

Key:

(1) Type of relationship
1 = majority voting rights in ordinary shareholders' meetings; 2 = considerable influence in ordinary shareholders' meetings; 3 = agreements with other shareholders; 4 = other forms of control; 5 = sole direction as per article 26, paragraph 1 of Italian Legislative Decree no. 87/92; 6= sole direction as per article 26, paragraph 2 of Italian Legislative Decree no. 87/92.

(2) Voting rights in ordinary shareholders' meetings, with a distinction between effective and potential rights.

The percentage of voting rights in the shareholders' meeting is effective.

2. Significant evaluations and assumptions to determine the scope of consolidation

The scope of consolidation includes:

- the financial statements of the Parent Company Banca Finnat Euramerica S.p.A. and of the subsidiaries, consolidated on a line-by-line basis;
- the financial statements of directly and indirectly associated companies stated at equity, or the last financial report available at the time of preparation of the consolidated financial statements.

The scope of consolidation includes all subsidiary companies, regardless of their legal status, and of whether they are going concerns or being wound up.

The scope of consolidation has not changed compared to the financial statements for the year ended 31 December 2013.
However, it should be pointed out that:

- the merger by absorption of Finnat Investments S.p.A. and Finnat Real Estate S.r.l. into Banca Finnat Euramerica S.p.A. had initial date of legal validity on 2 December 2014; for the purposes of its accounting and tax effects, the initial date of validity was 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;
- 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. had its initial date of legal validity on 29 December 2014, while for the purposes of its accounting and tax effects, the initial date of validity was 1 January 2015. The Bank's shareholding in Investire Immobiliare SGR S.p.A., in percentage terms, decreased from 80% to 50.16%.

Subsidiaries

Subsidiaries are companies whose financial and operating policies are directly or indirectly determined and controlled by the Group to which they belong and which Group can, therefore, benefit from their activities. When determining control, account should also be taken of the companies in which Banca Finnat directly or indirectly holds more than half of the voting rights. The voting rights also include the so-called "potential" rights, which can be consistently exercised or converted into effective voting rights at any time.
The financial statements of subsidiaries are consolidated from the date on which the parent company obtains control over the company until the date on which that control ceases.

Associated companies

Associated companies are entities whose financial and operating policies are significantly influenced by the Group, but which it does not control, either jointly or separately; they are included in the consolidation according to the so-called "net equity" method. The profit or losses of the Group are recorded in the consolidated income statement from the date on which the significant influence started and up to the date on which it ceases.
If the loss by the Group exceeds the book value of the equity investment then the value of the equity investment is derecognised and, if the investing company is committed to performing legal or implicit obligations of the associate, or in any event to hedging its losses, any surplus is recognised in a specific liability fund.

Line-by-line consolidation

All the financial statements of the part-owned companies used to prepare the consolidated financial statements were drawn up on 31 December and, if necessary, adjusted to ensure the uniform application of the same accounting principles applied by the Parent Company.
The assets and liabilities, expenses and income of the companies consolidated according to the line-by-line method are fully recognised in the consolidated financial statements ("line-by-line" recognition of the balance sheet and income statement aggregates of the subsidiaries), after the recording of any minority interests in specific items; the book value of the equity investments is written off for the corresponding fraction of the net equity of the part-owned companies, recording the single asset and liability items (including the provisions for risks and charges) at their current value on the date of acquisition of control. Any positive difference resulting from the said writing off is recorded as goodwill, under the asset item "Intangible assets", at the date of the first consolidation and, thereafter, among the net equity reserves. Any negative difference is recorded in the Income Statement.
All intra-group balances (assets, liabilities, revenues and costs) and transactions, including any unrealised profit or loss resulting from intra-group transactions, are written off minus their theoretical fiscal effect, if significant. The Group's share of unrealised profit and loss with associated companies is written off.
Unrealised losses are written off only if they represent impairment losses.

The presentation currency of the Group's financial statements is the euro, which is also the functional currency of all the companies included in the consolidated financial statements.
Non-monetary assets and liabilities in foreign currencies, recorded at historical cost, are translated using the exchange rate at the date on which the transaction was originally recorded.

The financial statements of the consolidated companies expressed in foreign currencies were translated according to the exchange rate at the reporting date for the assets and liabilities; for the income statement items, the average exchange rates in the period were used, and the historical exchange rates for the net equity items. The differences between the values of the net equity items at the historical exchange rates and those descending and resulting from the translation thereof at the current exchange rates are recorded and, indeed, posted at the current exchange rates in the net equity item called "Other reserves".

Net equity consolidation method

This method provides for the initial recording of the part-owned company at cost. The book value is then periodically adjusted to take into account the part-owned company's net equity changes. The pro quota allocation of the net income of the part-owned company is recorded in a specific item of the consolidated income statement. The net equity of the associates is inferred from the latest available financial statements or from the latest financial report available at the time of preparation of the consolidated financial statements.

The difference – if any – between the book value and the recovery value of the equity investment, estimated based on the present value of the future cash flows generated by the investment itself, is recorded in the Income Statement.

Section 4 – Subsequent events

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

Section 5 – Other information

Risks and uncertainties linked to the use of estimates

In compliance with the IAS/IFRS standards, the Bank and the other Group companies carry 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 consolidated financial statements. In respect of the preparation of the financial statements at 31 December 2014, the Bank and the other Group companies have 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 implementation of the Directive on shareholders' rights (Italian Legislative Decree no. 27 of 27 January 2010), paragraph 1 of article 154-ter ("Financial Reports") of the 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 art. 2429, paragraph 1 of the Italian Civil Code, the draft financial statements must be disclosed by the directors to the board of auditors and independent 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, that of the board of statutory auditors and 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 consolidated Financial Statements as at 31 December 2014 remained unchanged with respect to those adopted in the financial statements as at 31 December 2013 as concerns classification, measurement and de-recognition criteria in general, and the recognition criteria for costs and revenues.

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 is also recorded of the derivatives entered into by the Group for risk hedging purposes, but which do not satisfy the efficiency test.

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 financial 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 residual 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 "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 Group'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 residual 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 trend of decline rates referring to each relevant group that are periodically published by the Bank of Italy. 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 investments in associated companies.

Equity interests in other companies in which the Parent Company 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 and subsequent adjustment, on the basis of the stake held in the part-owned company.

Valuation criteria of income statement items

After initial recognition, the book value will be adjusted to reflect changes in the net equity of the investee. The pro quota share of the net income of the part-owned company is recorded under item 240 "Profit/loss from equity investments".

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.

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 200 "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 260 "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 Group'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 Group 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 180. 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 Group 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 Group did not use the so-called "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

Transfers between portfolios, in “rare circumstances”, as envisaged by IAS 39, were carried out exclusively by the Parent Company as follows:

- 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 Group 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 reclassification made by the Parent Company, 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 expected cash flows for debt securities reclassified by the Parent Company, 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 Group 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 Group 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 the new IFRS 13, the Parent Company 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 Group, 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 pertains to bonds issued by the Bank 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 Group 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	31.12.2014			31.12.2013		
	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	751,646	28,376	10,183	517,266	29,536	12,188
4. Hedging derivatives						
5. Tangible assets						
6. Intangible assets						
Total	**854,696**	**31,035**	**10,720**	**638,477**	**33,985**	**12,717**
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		Available-for-sale financial assets	Hedging derivatives	Tangible assets	Intangible assets
		Held for trading	Carried at fair value				
1.	**Opening balance**	**529**	**–**	**12,188**	**–**	**–**	**–**
2.	**Increases**	**15**	**–**	**621**	**–**	**–**	**–**
2.1.	Purchases			621			
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**	**–**	**10,183**	**–**	**–**	**–**

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 and 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	76,020			76,020	97,050			97,050
3. Due from customers	289,483			291,868	310,902			308,897
4. Tangible assets held for investment								
5. Non-current assets and groups of assets being disposed								
Total	**367,822**	**2,403**	**–**	**367,888**	**410,622**	**2,776**	**–**	**405,947**
1. Due to banks	97,204			97,204	95,485			95,485
2. Due to customers	937,095			937,095	792,793			792,793
3. Outstanding securities	46,958			46,811	41,685			41,564
4. Liabilities associated to assets being disposed								
Total	**1,081,257**	**–**	**–**	**1,081,110**	**929,963**	**–**	**–**	**929,842**

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

The Bank and the other Group Companies have 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 and other Group companies have not recorded in the financial year under review any positive/negative items arising from the initial fair value measurement of financial instruments.

Part B – Information on the consolidated balance sheet

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	293	366
b) Demand deposits at central banks	372	373
Total	**665**	**739**

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		
	L1	L2	L3	L1	L2	L3
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**

The financial assets held for trading refer exclusively to the Bank.

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**

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		
	L1	L2	L3	L1	L2	L3
1. Debt securities	710,277	–	–	489,269	–	–
1.1 Structured securities	–	–	–	–	–	–
1.2 Other debt securities	710,277	–	–	489,269	–	–
2. Equity securities	37,987	–	10,183	24,575	–	12,188
2.1 Carried at fair value	37,987	–	–	24,575	–	–
2.2 Carried at cost	–	–	10,183	–	–	12,188
3. UCI units	3,382	28,376	–	3,422	29,536	–
4. Loans	–	–	–	–	–	–
Total	**751,646**	**28,376**	**10,183**	**517,266**	**29,536**	**12,188**

Item 1 Debt securities - Level 1 - consists almost exclusively of Government Bonds held by the Bank.
The equity securities include the following strategic investments of the Bank:

- 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 - refers exclusively to the Bank and includes the following funds: 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	**710,277**	**489,269**
a) Governments and Central Banks	703,410	488,099
b) Other public authorities	–	–
c) Banks	6,867	1,170
d) Other issuers	–	–
2. Equity securities	**48,170**	**36,763**
a) Banks	–	–
b) Other issuers:	48,170	36,763
- insurance companies	1,502	1,502
- financial companies	42,407	28,904
- non-financial companies	4,261	6,357
- other	–	–
3. UCI units	**31,758**	**32,958**
4. Loans	**–**	**–**
a) Governments and Central Banks	–	
b) Other public authorities	–	
c) Banks	–	
d) Other entities	–	
Total	**790,205**	**558,990**

4.4 Available-for-sale financial assets: annual changes

	Debt securities	Equity securities	UCI units	Loans	Total
A. Opening balance	**489,269**	**36,763**	**32,958**	**–**	**558,990**
B. Increases	**765,796**	**18,926**	**1,651**	**–**	**786,373**
B1. Purchases	763,631	3,259	779	–	767,669
B2. Positive changes in fair value	481	12,541	65	–	13,087
B3. Write-backs	–	–	–	–	–
- Recorded in the income statement	–	X	–	–	–
- Recorded in the net equity		–			–
B4. Transfers from other portfolios	–	–	–	–	–
B5. Other changes	1,684	3,126	807	–	5,617
C. Decreases	**544,788**	**7,519**	**2,851**	**–**	**555,158**
C1. Sales	330,919	4,118	1,143	–	336,180
C2. Repayments	211,536	–	160	–	211,696
C3. Negative changes in fair value	1,522	–	436	–	1,958
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	811	2,892	19	–	3,722
D. Closing balance	**710,277**	**48,170**	**31,758**	**–**	**790,205**

Item “UCI units” includes real estate funds of 28,098 thousand euros and other funds of 3,660 thousand euros.

Item B1. Purchases refers:

- for debt securities, mainly to Government Bonds;
- for equity securities, mainly 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;
- 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 refer:

- 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 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 Bank and pertains to the impairment recognised on 221 units of the FIP fund (UCI units) and for equity securities 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 - Consolidate 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 issued by the Bank and transferred in 2008, as already mentioned in Section A.3 Information on transfers among financial asset 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 3		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. Outstanding repos	–	X	X	X	–	X	X	X
4. Other	–	X	X	X	–	X	X	X
B. Due from banks	**76,020**				**97,050**			
1. Loans								
1.1 Current accounts and demand deposits	67,608	X	X	X	67,995	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	**76,020**			**76,020**	**97,050**			**97,050**

Key:
FV = fair value
BV = book value

Item B.1.2. Fixed-term deposits referring exclusively to the Parent Company 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						Total 31.12.2013					
	Book value			Fair value			Book value			Fair value		
	Performing	Impaired		L1	L2	L3	Performing	Impaired		L1	L2	L3
		Purchased	Other					Purchased	Other			
Loans												
1. Current accounts	98,753		224	X	X	X	70,411		167	X	X	X
2. Outstanding repos	2,006		–	X	X	X	5,022		–	X	X	X
3. Mortgages	146,689		2,854	X	X	X	154,052		5,096	X	X	X
4. Credit cards, personal loans and loans on salary	–		–	X	X	X	–		–	X	X	X
5. Finance lease	–		–	X	X	X	–		–	X	X	X
6. Factoring	–		–	X	X	X	–		–	X	X	X
7. Other loans	34,271		4,686	X	X	X	70,414		5,740	X	X	X
Debt securities	–	–	–				–	–	–			
8 Structured securities	–		–	X	X	X	–		–	X	X	X
9 Other debt securities	–		–	X	X	X	–		–	X	X	X
Total	**281,719**	**–**	**7,764**			**291,868**	**299,899**	**–**	**11,003**			**308,897**

The item "Due from customers", which does not include debt securities, totals 289,483 thousand euros, at 31 December 2014, of which 281,719 thousand euros performing (at 31 December 2013, 310,902 thousand euros, of which 299,899 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 160. Other assets.

At the reporting date of these Financial Statements, the items relating to current accounts, mortgages and other loans include impaired assets relating to the Parent Company 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) relating to a mortgage contract terminated by the Bank on 8 July 2011, after which the Bank requested the repayment of the entire amount. The transaction is secured by a first mortgage on property, the value of which – based on an expert appraisal report updated to 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 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, after write-backs, 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, not falling under objective impaired loans, totalling 170 thousand euros before the write-downs (169 thousand euros after).

As usual, at 31 December 2014, the Bank 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.

As regards the other Group companies, the Finnat Fiduciaria S.p.A. and Fedra Fiduciaria S.p.A. subsidiaries recorded net value adjustments over the year of 45 thousand euros and 33 thousand euros, respectively, net of write-backs. At the date of these financial statements, Finnat Fiduciaria S.p.A. carried out total write-downs of 853 thousand euros and Fedra Fiduciaria S.p.A. carried out write-downs of 358 thousand euros.

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:	**281,719**	**–**	**7,764**	**299,899**	**–**	**11,003**
a) Governments	–		–	–		
b) Other public authorities	–		–	–		
c) Other entities	281,719	–	7,764	299,899	–	11,003
- non-financial companies	166,372		5,201	182,643		6,382
- financial companies	30,497		3	15,384		2
- insurance companies	–		–	–		–
- other	84,850		2,560	101,872		4,619
Total	**281,719**	**–**	**7,764**	**299,899**	**–**	**11,003**

A breakdown of time distribution of amounts due from customers by residual duration can be found under Part E Section 1.3 - Banking group - liquidity risk.

Section 10 – Equity investments – Item 100

10.1 Equity investments: information on investment relationships

Company name	Registered office	Principal place of business	Type of relationship	Investment relationship		Voting rights %
				Investor company	Ownership %	
A. Jointly controlled companies						
B. Companies under significant control						
1. Prévira Invest Sim S.p.A.	Rome	Rome	Considerable control	Banca Finnat	20.00	
2. Sigefi Italia Private Equity S.p.A.	Milan	Milan	Considerable control	Banca Finnat	25.00	
3. Imprebanca S.p.A	Rome	Rome	Considerable control	Banca Finnat	20.00	
4. Beni Stabili Property Service S.p.A.	Rome	Rome	Considerable control	Banca Finnat	36.00	

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

At 31 December 2014, the Group did not hold significant equity investments in associated companies.

10.4 Non significant equity investments: accounting information

Company name	Book value of the equity investments	Total assets	Total liabilities	Total revenues	Income (loss) from current operations after tax	Income (loss) from groups of assets being disposed after tax	Profit (loss) for the year (1)	Other income items after tax (2)	Compre-hensive income (3) = (1)+(2)
Jointly controlled companies									
Companies under significant influence	10,822	40,880	40,880	3,917	458	–	458	82	540

Data referred to the latest available situations.

The posted data are shown cumulatively and referred to the shareholding percentage held by the Group.

10.5 Equity investments: annual changes

	Total 31.12.2014	Total 31.12.2013
A. Opening balance	**10,800**	**10,642**
B. Increases	**134**	**319**
B.1 Purchases	–	–
B.2 Write-backs	–	–
B.3 Revaluations	134	319
B.4 Other changes	–	–
C. Decreases	**112**	**161**
C.1 Sales	–	–
C.2 Value adjustments	112	161
C.3 Other changes	–	–
D. Closing balance	**10,822**	**10,800**
E. Total revaluations	**134**	**319**
F. Total adjustments	**112**	**161**

Section 12 – Tangible assets – Item 120

12.1 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	**5,207**	**5,475**
a) land	1,308	1,308
b) buildings	2,714	2,884
c) furniture	743	812
d) electronic equipment	402	401
e) other	40	70
2 Assets acquired under finance lease	**–**	**–**
a) land	–	
b) buildings	–	
c) furniture	–	
d) electronic equipment	–	
e) other	–	
Total	**5,207**	**5,475**

12.5 Tangible assets for functional use: annual changes

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	**1,308**	**5,761**	**2,314**	**4,077**	**331**	**13,791**
A.1 Net total impairment	–	2,877	1,502	3,676	261	8,316
A.2 Net opening balance	**1,308**	**2,884**	**812**	**401**	**70**	**5,475**
B. Increases:	**–**	**–**	**4**	**166**	**87**	**257**
B.1 Purchases	–	–	3	164	2	169
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	–	–	1	2	85	88
C. Decreases	**–**	**170**	**73**	**165**	**117**	**525**
C.1 Sales	–	–	–	–	85	85
C.2 Depreciation	–	170	72	162	32	436
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	–	–	1	3	–	4
D. Net closing balances	**1,308**	**2,714**	**743**	**402**	**40**	**5,207**
D.1 Net total impairment	–	3,047	1,573	3,836	208	8,664
D.2 Gross closing balance	**1,308**	**5,761**	**2,316**	**4,238**	**248**	**13,871**
E. Valuation at cost						

Section 13 – Intangible assets – Item 130

13.1 Intangible assets: breakdown by asset

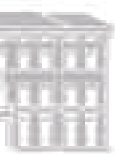
Assets/Amounts	Total 31.12.2014		Total 31.12.2013	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill:	**X**	**300**	**X**	**300**
A.1.1 pertaining to the Group	X	300	X	300
A.1.2 pertaining to minority interests	X	–	X	–
A.2 Other intangible assets	**126**	**3,764**	**129**	**3,764**
A.2.1 Assets carried at cost:	126	3,764	129	3,764
a) Intangible assets generated internally	–	–	–	–
b) Other assets	126	3,764	129	3,764
A.2.2 Assets carried at fair value:	–	–	–	–
a) Intangible assets generated internally	–	–	–	–
b) Other assets	–	–	–	–
Total	**126**	**4,064**	**129**	**4,064**

Item A.1 Goodwill equal to 300 thousand euros regards a part of the goodwill resulting from the merger in 2003 of Banca Finnat Euramerica S.p.A. into Terme Demaniali di Acqui S.p.A.

Item A.2 Other intangible assets - Indefinite life mainly consists of the positive consolidation differences of the following companies:

- Finnat Fiduciaria S.p.A., 984 thousand euros;
- Investire Immobiliare SGR, 1,693 thousand euros;
- Beni Stabili Property Service S.p.A., 1,038 thousand euros.

As it regards an intangible asset whose useful life cannot be defined, 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.



13.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**300**	**–**	**–**	**2,832**	**4,748**	**7,880**
A.1 Net total impairment	–	–	–	2,703	984	3,687
A.2 Net opening balance	300	–	–	129	3,764	4,193
B. Increases	**–**	**–**	**–**	**72**	**–**	**72**
B.1 Purchases	–	–	–	71	–	71
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	–	–	–	1	–	1
C. Decreases	**–**	**–**	**–**	**75**	**–**	**75**
C.1 Sales	–	–	–	–		–
C.2 Value adjustments	–	–	–	75	–	75
(-) Amortisation	X	–	–	75	–	75
(-) 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**	**–**	**–**	**126**	**3,764**	**4,190**
D.1 Total net value adjustments	–	–	–	2,777	984	3,761
E. Gross closing balance	**300**	**–**	**–**	**2,903**	**4,748**	**7,951**
F. Valuation at cost						

Key:
DEF: definite life
UNDEF: undefinite life

Section 14 – Tax assets and liabilities – Items 140 (assets) and 80 (liabilities)

Current tax assets total 2,115 thousand euros (2,198 thousand euros at 31 December 2013) and mainly concern Ires tax credits for the domestic consolidated tax system of 404 thousand euros, Irap tax credits of 116 thousand euros and receivables for requested tax refunds of 1,579 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 by the Bank on tax assessment, referred to tax year 2003, for which appeal is pending;
- 213 thousand euros for requests for reimbursement of previous years' IRPEG by the Bank;
- 1 thousand euros for the Bank's requests for VAT reimbursement and 4 thousand euros for tax reimbursement requests by the Group's other companies.

Current tax liabilities total 452 thousand euros (1,261 thousand euros at 31 December 2013) and concern:
- 157 thousand euros for Irap for the year 2014 pertaining to the Bank;
- 57 thousand euros for VAT for the year 2014 (of which 54 thousand euros pertain to the Bank);
- 183 thousand euros for assessments pertaining to the Bank, for which appeal is pending (of which 178 thousand euros referred to tax year 2003);
- 55 thousand euros for taxes pertaining to Finnat Gestioni S.A.

14.1 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	490	185
b) Other	**1,156**	**1,556**
Write-down of securities	5	282
Write-down of receivables	258	472
Staff severance fund – IAS change	162	81
Administrative expenses	18	78
Other	713	643
Total	**3,377**	**3,866**

Advance taxes refer primarily to a lower tax burden in perspective, related to the amortisation of goodwill 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.

14.2 Deferred tax liabilities: breakdown

	Total 31.12.2014	Total 31.12.2013
Revaluation of securities	3,300	3,312
Allocation of merger difference on securities	40	47
Placement commissions	503	637
Other	8	52
Total	**3,851**	**4,048**

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.

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

	Total 31.12.2014	Total 31.12.2013
1. Opening balance	**2,897**	**3,018**
2. Increases	**445**	**516**
2.1 Advance taxes recognised in the year	445	516
a) relating to previous years	1	48
b) due to the change in the accounting policies	–	–
c) write-backs	–	–
d) other	444	468
2.2 New taxes or increases in tax rates	–	–
2.3 Other increases	–	–
3. Decreases	**772**	**637**
3.1 Advance taxes cancelled during the year	764	637
a) reallocations	617	637
b) write-downs due to irrevocability	–	–
c) change in the accounting policies	–	–
d) other	147	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	8	–
a) transformation into tax receivables set forth in Italian Law no. 214/2011		
b) other	8	–
4. Closing balance	**2,570**	**2,897**

The figures indicated in table 14.3 comprise the amounts shown in table 14.3.1.

14.3.1 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**

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

	Total 31.12.2014	Total 31.12.2013
1. Opening balance	**2,284**	**2,194**
2. Increases	**679**	**577**
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	–	–
3. Decreases	**317**	**487**
3.1 Deferred taxes cancelled during the year	306	487
a) reallocations	306	487
b) due to the change in the accounting policies	–	
c) other	–	–
3.2 Reductions in tax rates	–	–
3.3 Other decreases	11	–
4. Closing balance	**2,646**	**2,284**

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

	Total 31.12.2014	Total 31.12.2013
1. Opening balance	**969**	**748**
2. Increases	**121**	**263**
2.1 Advance taxes recognised in the year	119	263
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	119	263
2.2 New taxes or increases in tax rates	–	–
2.3 Other increases	2	–
3. Decreases	**283**	**42**
3.1 Advance taxes cancelled during the year	283	42
a) reallocations	283	42
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	**807**	**969**

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

	Total 31.12.2014	Total 31.12.2013
1. Opening balance	**1,764**	**1,491**
2. Increases	**289**	**661**
2.1 Deferred taxes recorded in the year	289	661
a) relating to previous years	–	–
b) due to the change in the accounting policies	–	–
c) other	289	661
2.2 New taxes or increases in tax rates	–	–
2.3 Other increases	–	–
3. Decreases	**848**	**388**
3.1 Deferred taxes cancelled during the year	848	388
a) reallocations	848	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	**1,205**	**1,764**

For further information on changes to advance and deferred taxes, please see: for those recorded in the income statement, Part C—Section 20 Income taxes for the year and for those recorded in the shareholders' equity Part D – Consolidated 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 16 – Other assets – Item 160

16.1 Other assets: breakdown

	Total 31.12.2014	Total 31.12.2013
Receivables for guarantee deposits	392	313
Advance payments to suppliers	10	1
Deposits with Cassa Compensazione e Garanzia	3,472	5,884
Due from counterparties and brokers	1,272	445
Tax credits as withholding tax	2,203	2,148
Sundry receivables	7,137	3,383
Total	**14,486**	**12,174**

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.

Other receivables include 1,460 thousand euros referred to the subsidiary Investire Immobiliare SGR S.p.A. and recognised for the collection of withholding taxes of 838 thousand euros from a foreign subscriber of units of real estate funds and as an indemnity of 622 thousand euros recognised by the minority Shareholder of the subsidiary in view of a specific guarantee provided in relation to the merger by absorption completed at the end of the year. These receivables relate to the extraordinary, non repeatable costs pertaining 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.

LIABILITIES

Section 1 – Due to banks – Item 10

1.1 Due to banks: breakdown by product

Type of transactions/Items of the group	Total 31.12.2014	Total 31.12.2013
1. Due to Central Banks	**95,359**	**95,206**
2. Due to banks	**1,845**	**279**
2.1 Current accounts and demand deposits	1,835	275
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	10	4
Total	**97,204**	**95,485**
Fair value-level 1		
Fair value-level 2		
Fair value-level 3	97,204	95,485
Fair value	**97,204**	**95,485**

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 / components of the Group	Total 31.12.2014	Total 31.12.2013
1. Current accounts and demand deposits	295,858	355,620
2. Fixed-term deposits	40,116	51,226
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	135
Total	**937,095**	**792,793**
Fair value-level 1		
Fair value-level 2		
Fair value-level 3	937,095	792,793
Total Fair value	**937,095**	**792,793**

Item 3.1 Reverse repos concerns the transactions between the Bank and 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	**46,958**	**–**	**–**	**46,811**	**41,685**	**–**	**–**	**41,564**
1. bonds	46,958	–	–	46,811	39,673	–	–	39,552
1.1 structured								
1.2 other	46,958			46,811	39,673			39,552
2. other securities	–	–	–	–	2,012	–	–	2,012
2.1 structured								
2.2 other	–			–	2,012			2,012
Total	**46,958**	**–**	**–**	**46,811**	**41,685**	**–**	**–**	**41,564**

Bonds issued by the Bank are inclusive of the accrued coupon. The amount is given minus the value of the securities held by the Group, totalling a nominal value of 5,850 thousand euros.

Section 4 – Financial liabilities held for trading – Item 40

4.1 Financial liabilities held for trading: breakdown by product

Type of transactions/ Items of the group	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 are exclusively ascribable to the Bank.
Item B. Derivatives includes 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 14 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	1,081	1,085
Payables to employees and contractors	1,464	2,105
Emoluments to be paid to the Directors	66	30
Emoluments to be paid to the Board of Statutory Auditors	302	289
Due to suppliers	869	758
Shareholders for dividends to be paid	914	751
Payables to brokers and institutional counterparties	6,371	603
Tax payables as withholding tax	2,925	3,154
Other payables	4,710	1,624
Total	**18,702**	**10,399**

Other payables include the amount of 1,572 thousand euros recorded by the subsidiary Investire Immobiliare SGR S.p.A. (in view of the total payable of 3,196 thousand euros) as a residual amount to be paid to the Revenue Agency as a result of the claim pertaining to the failure to withhold amounts on earnings paid to foreign owners of units of real estate funds. Said residual amount was paid in January 2015.

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	**3,580**	**3,685**
B. Increases	**1,181**	**610**
B.1 Allocation for the year	1,181	610
B.2 Other changes	–	
C. Decreases	**768**	**715**
C.1 Severance indemnities paid out	210	561
C.2 Other changes	558	154
D. Closing balance	**3,993**	**3,580**

Item B.1 Allocation for the year, includes the actuarial losses of 316 thousand euros (actuarial gain of 221 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%.

Section 15 – Group net equity – Items 140,170,190,200 and 220

15.1 "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 Circular Letter no. 262/2005, the own shares held exclusively at 31 December 2014, and referred exclusively to the Bank, were used to adjust the net equity for an amount of 12,410 thousand euros, which corresponds to their purchase price.

15.2 Capital - Number of shares of the parent company: 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		

15.3 Share capital: additional information

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

15.4 Retained earnings: additional information

The "Reserves" item amounts to 97,972 thousand euros (96,554 thousand euros at 31 December 2013) and is broken down as follows:

- retained earnings of the Bank of 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 of 11,361 thousand euros consisting of the reserve for the gains on the sale of treasury shares of 4,337 thousand euros, the stock option plan reserve of 998 thousand euros and the consolidation reserves for the difference.

Section 16 – Net equity of minority interests – Item 210

16.1 Breakdown of Item 210 "Net equity of minority interests"

Company names	Total 31.12.2014	Total 31.12.2013
Equity investments in consolidated companies with significant interests in third parties	–	–
Other equity investments	3,436	3,474
Total	**3,436**	**3,474**

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	19,638	18,177
Total	**36,139**	**42,127**

Item 1) a) Banks shows the percentage of the Bank's 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.

5. 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	603,274
b) collective	2,637,332
3. Custody and administration of securities	
a) third-parties securities on deposit related to depository services (excluding portfolio management)	–
1. securities issued by companies included in the consolidation	–
2. other securities	–
b) third-party securities on deposit (excluding portfolio management): other	2,024,060
1. securities issued by companies included in the consolidation	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 consolidated income statement

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. Financial assets carried at fair value	–	–	–	–	–
3. Available-for-sale financial assets	8,089	–	–	8,089	7,731
4. Financial assets held to maturity	68	–	–	68	73
5. Due from banks	–	607	–	607	303
6. Due from customers	–	6,220	–	6,220	5,791
7. Hedging derivatives	X	X	–	–	–
8. Other assets	X	X	7	7	4
Total	**10,116**	**6,827**	**7**	**16,950**	**18,346**

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	14		–	14	3
3. Due to customers	3,861	X	–	3,861	2,650
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	**4,028**	**325**	**–**	**4,353**	**3,647**

Interest margin totals 12,597 thousand euros, versus 14,699 thousand euros in the previous financial year. The decrease by 2,102 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: breakdown

Type of services/Amounts	Total FY 2014	Total FY 2013
a) guarantees given	118	231
b) credit derivatives	–	–
c) administration, brokerage and consultancy services:	26,218	25,236
1. trading in financial instruments	4,439	3,880
2. trading in currencies	–	–
3. portfolio management	15,243	14,992
3.1. individual	3,957	2,847
3.2. collective	11,286	12,145
4. custody and administration of securities	2,069	2,123
5. custodian bank	–	–
6. securities placement	3,419	3,106
7. acceptance of trading orders	–	–
8. consulting	818	1,051
8.1. investments	277	134
8.2. financial structure	541	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	187	158
j) other services	442	325
Total	**27,121**	**26,098**

2.2 Commission expense: breakdown

Services/Amounts	Total FY 2014	Total FY 2013
a) guarantees received	–	–
b) credit derivatives	–	–
c) management and brokerage services:	1,191	1,793
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	132	103
5. placement of financial instruments	407	1,019
6. sales of financial instruments, products and services through other outlets	–	–
d) collection and payment services	47	47
e) other services	113	59
Total	**1,351**	**1,899**

Net commissions amount to 25,770 thousand euros versus 24,199 thousand euros in the previous financial year. The 1,571 thousand euros was generated by the combined effect of the 1,799 thousand euros increase referred to the Bank and by the total decrease of 228 thousand euros referred to the other companies of the Group.

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	–	X	–	X
Total	**1,931**	**1,855**	**797**	**2,042**

Dividends increased by 1,134 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, referring exclusively to the Bank, 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	4,831	19	4,812	1,614	5	1,609
3.1 Debt securities	1,705	–	1,705	200	5	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	**4,831**	**19**	**4,812**	**1,614**	**5**	**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 by the Bank on medium/long term Government Bonds of 1,556 thousand euros.

Item 3.2 Equity securities relates to the capital gain realised by the Bank 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 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	Total FY 2013
	Specific		Portfolio	Specific		Portfolio		(1) - (2)	
	Derecognition	Other		A	B	A	B		
A. Due from banks	–	–	–	–	–	–	–	–	–
- Loans	–	–	–	–	–	–	–	–	
- Debt securities	–	–	–	–	–	–	–	–	
B. Due from customers	249	1,682	–	–	431	–	108	1,392	681
Purchased impaired loans	–	–		–	–	–		–	–
- Loans	–	–	X	–	–	–	X	–	
- Debt securities	–	–	X	–	–	–	X	–	
Other receivables	249	1,682	–	–	431	–	108	1,392	681
- Loans	249	1,682	–	–	431	–	108	1,392	681
- Debt securities	–	–	–	–	–	–	–	–	
C. Total	**249**	**1,682**	**–**	**–**	**431**	**–**	**108**	**1,392**	**681**

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

The specific adjustments – Other pertain to the Bank (1,359 thousand euros), to Finnat Fiduciaria (233 thousand euros) and Fedra Fiduciaria (90 thousand euros).

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	Total FY 2013
	Specific		Specific			
	Derecognition	Other	A	B	(1) - (2)	
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 item refers exclusively to the Bank.

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 into Investire Immobiliare SGR S.p.A.

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, at the Bank's expense, to the Interbank Fund for the Protection of Deposits for the actions carried out in 2014.

Section 11 – Administrative expenses – Item 180

11.1 Staff costs: breakdown

Type of expense/Segments	Total FY 2014	Total FY 2013
1) Staff	19,818	19,281
a) wages and salaries	14,088	13,566
b) social security charges	3,774	3,550
c) staff severance fund	559	774
d) welfare charges	–	–
e) allocation for staff severance fund	194	205
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	176	11
i) other benefits in favour of employees	907	1,072
2) Other active staff	475	408
3) Directors and statutory auditors	1,567	1,929
4) Inactive staff	–	–
Total	**21,860**	**21,618**

The item increased by 242 thousand euros compared to the previous year.

Item 1) e) does not include the actuarial loss referred to IAS staff severance fund, 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 of 160 thousand euros, of Investire Immobiliare SGR S.p.A. of 13 thousand euros and of Finnat Fiduciaria S.p.A. of 3 thousand euros.

11.2 Average number of employees by category

	Total FY 2014	Total FY 2013
Staff	**218**	**206**
(a) senior managers	31	30
(b) executives	54	50
(c) rest of staff	133	126
Other staff	**8**	**9**

11.4 Other benefits in favour of employees

Employee benefits amount to 907 thousand euros (versus 1,072 thousand euros last year) and concern luncheon vouchers, collective health care policies, professional training, cars and other benefits.

11.5 Other administrative expenses: breakdown

Type of expense/Segments	Total FY 2014	Total FY 2013
Rentals and condominium fees	2,294	2,268
Membership fees	156	139
EDP materials	23	50
Stationery and printing supplies	68	103
Consulting and outsourced professional services	1,920	1,215
Outsourcing services	1,727	1,677
Auditing company fees	213	203
Maintenance	317	380
Utilities and connections	1,616	1,627
Postal, transport and shipment fees	68	62
Insurance companies	70	155
Public relations and advertising expenses	155	130
Office cleaning	199	193
Books, newspapers and magazines	42	50
Entertainment expenses	310	378
Travel expenses and mileage based reimbursements	197	178
Other duties and taxes	3,629	2,342
Security charges	140	138
Other	526	486
Total	**13,670**	**11,774**

The other administrative expenses increased by 1,896 thousand euros compared to the previous financial year.

The growth is mainly due to the increased stamp duty applied to the deposits and accounts of the Bank's customers. The collections of this tax and of the other expenses from customers - not recorded in reduction of "Other administrative expenses" - are allocated in item "220. Other operating income/expenses", amount to 3,822 thousand euros (2,630 thousand euros in 2013). The other administrative expenses, excluding these recoveries, amounted to 9,848 thousand euros compared to 9,144 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 the Group by the auditing firm.
There were no services provided by entities belonging to its network.

(in thousands of euros)	Party who provided the service	Payments due in 2014
Auditing services	RECONTA ERNST & YOUNG S.p.A.	144
Auditing services	Dreieck Fiduciaria SA	3
Declaration of compliance services	RECONTA ERNST & YOUNG S.p.A.	8
Other services	RECONTA ERNST & YOUNG S.p.A.	6
Other services	Dreieck Fiduciaria SA	2
Total		**163**

The auditing activities include the auditing of financial statements, the accounting auditing of the Group as well as the consolidated financial statements and the consolidated half-yearly report of the Parent Company. 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 expense amounts to 213 thousand euros.

Section 13 – Net value adjustments/write-backs on tangible assets – Item 200

13.1 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				
A.1 Owned assets	436	–	–	436
- Functional use	436	–	–	436
- For investment	–	–	–	–
A.2 Acquired under finance lease	–	–	–	–
- Functional use	–	–	–	–
- For investment	–	–	–	–
Total	**436**	**–**	**–**	**436**

Section 14 – Net value adjustments/write-backs on intangible assets – Item 210

14.1 Net value adjustments on intangible assets: breakdown

Assets/Income items	Amortisation (a)	Value adjustment for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Intangible assets				
A.1 Owned assets	75	–	–	75
- Generated internally by the company	–	–	–	–
- Other	75	–	–	75
A.2 Acquired under finance lease	–	–	–	–
Total	**75**	**–**	**–**	**75**

Section 15 – Other operating income/expenses – Item 220

15.1 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 CO2 assets	86	–
Other expense	3,337	129
Total	**3,526**	**238**

15.2 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	335	547
Dividend and prescription waiver	78	201
Other income	1,634	240
Total	**5,717**	**3,289**

Other operating expenses includes the non-recurring expense recognised by the subsidiary Investire Immobiliare SGR S.p.A., represented by 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. This non-recurring expense totals 3,196 thousand euros, of which 838 thousand collected from a subscriber in January 2015.

The item Other operating income includes, in addition to the aforesaid collection, also the amount of 622 thousand euro as an indemnity recognised by the minority Shareholder of the subsidiary in view of a specific guarantee provided in relation to the merger by absorption completed at the end of the year in question.

Section 16 – Profit (loss) from equity investments – Item 240

16.1 Profit (loss) from equity investments: breakdown

Income items/Segments	Total FY 2014	Total FY 2013
1) Jointly controlled companies		
A. Income	–	–
1. Revaluations		–
2. Profit from disposals		–
3. Write-backs		–
4. Other income		–
B. Expense	–	–
1. Write-downs		–
2. Value adjustments for impairment		–
3. Losses from disposals		–
4. Other expense		–
Net income	**–**	**–**
2) Companies under significant control		
A. Income	473	717
1. Revaluations	473	717
2. Profit from disposals		–
3. Write-backs		–
4. Other income		–
B. Expense	158	82
1. Write-downs	158	82
2. Value adjustments for impairment		–
3. Losses from disposals		–
4. Other expense		–
Net income	**315**	**635**
Total	**315**	**635**

Section 20 – Income tax for the year on current operations – Item 290

20.1 Income tax for the year on current operations: breakdown

Income items/Segments		Total FY 2014	Total FY 2013
1.	Current taxes (-)	(3,126)	(4,086)
2.	Changes in current taxes compared with previous years (+/-)	116	8
3.	Reduction in current taxes (+)	–	–
3.bis	Reduction in current taxes for tax receivables set forth in Italian Law no. 214/2011		
4.	Change in advance taxes (+/-)	(321)	(134)
5.	Change in deferred taxes (+/-)	(373)	(90)
6.	**Income taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)**	**(3,704)**	**(4,302)**

20.2 Reconciliation of the theoretical tax charge with the actual tax charge

	FY 2014		
	IRES	IRAP	TOTAL
Pre-tax profit (loss)	8,688	8,688	
Applicable tax rate	27.50	5.57	33.07
THEORETICAL TAX CHARGE	**(2,389)**	**(484)**	**(2,873)**
Effect of income that is exempt or taxed with concessional rates	2,663	323	2,986
Effect of charges that are fully or partially non-deductible	(1,833)	(579)	(2,412)
Effect of income/charges that are not included in the IRAP taxable income	–	(919)	(919)
Change in deferred taxes	10	(5)	5
Changes in current taxes compared with previous years	(102)	(389)	(491)
CURRENT TAX CHARGE	**(1,651)**	**(2,053)**	**(3,704)**

Section 22 – Profit (loss) for the year for minority interests – Item 330

22.1 Breakdown of Item 330 “Profit (loss) for the year for minority interests”

Profit for the year for minority interests amounts to 736 thousand euros compared to 724 thousand euros of the previous financial year.

Section 24 – Earnings per share

24.1 Average number of ordinary shares with diluted capital

The basic and diluted earnings (loss) per share, at consolidated level, are given below, in accordance with IAS 33. As no Group company holds any Parent Company shares, the consolidated figures coincide with those relating to the Bank.

The basic earnings (loss) per share are calculated by dividing the consolidated 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 consolidated 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	4,248,137	4,847,700
Weighted average of ordinary shares	338,578,935	340,635,519
Basic earnings (loss) per share	0.012547	0.014231

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

	31.12.2014	31.12.2013
Adjusted profit (loss) for the year	4,248,137	4,847,700
Weighted average of ordinary shares with diluted capital	338,578,935	340,635,519
Diluted earnings (loss) per share	0.012547	0.014231

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.

24.2 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 – Consolidated statement of comprehensive income

ANALYTICAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items	Gross amount	Income tax	Net amount
10. Profit (loss) for the year	**X**	**X**	**4,984**
Other income items without reallocation to income statement			
20. Tangible assets			
30. Intangible assets			
40. Defined-benefit plans	**(316)**	**87**	**(229)**
50. Non-current assets being disposed			
60. Share of valuation reserves of equity investments valued by equity method	**96**		**96**
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:	**8,360**	**313**	**8,673**
a) changes in fair value	11,129	354	11,483
b) reallocation to income statement			
- 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	**8,140**	**400**	**8,540**
140. Comprehensive income (Item 10+130)	**8,140**	**400**	**13,524**
150. Consolidated comprehensive income pertaining to minority interests			**699**
160. Consolidated comprehensive income pertaining to the parent company			**12,825**

The positive change of 8,673 thousand euros in Item 100 Available for sale financial assets was caused by the following investments:

of the Parent Company

- + 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 Fund 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;

of the other Companies in the Group

- 81 thousand euros to units of funds owned by Investire Immobiliare SGR S.p.A. as a result of the reduction in prices at the end of 2014 compared to those at 31 December 2013 (of which -15 thousand euros minority interest);

The valuation reserves of the Group relating to "Available-for-sale financial assets" at 31 December 2014 show a positive balance of 27,548 thousand euros whereas third-party valuation reserves show a negative balance of 331 thousand euros.

The reserves of the Group are broken down as follows:

Parent company		
London Stock Exchange Group plc shares	25,205	euros
Azioni Anima Holding S.p.A.	1,466	euros
Other shares	3	euros
UCI units	450	euros
Debt securities	1,755	euros
	28,879	euros
Other Group Companies		
Fund units (Investire Immobiliare SGR S.p.A.)	(1,326)	euros
Government bonds (Finnat Fiduciaria S.p.A. and Fedra Fiduciaria S.p.A.)	(5)	euros
	27,548	euros

Part E - Risk information and related hedging policies

Section 1 - Banking group risks

1.1 – Banking group - credit risk

Qualitative information

General aspects

Credit risk mitigation techniques

- *Organisational aspects*

The Group 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 adopted operating strategy ensured that:

- transactions carried out have low-risk exposures;
- non-performing loans/due from customers represent 2% 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;
- lending activities provided positive image and prestige feedback for the Bank and the Group, with a positive impact on “traditional” activities.

- *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 on an established basis, appropriate reports containing the trend of impaired loans, broken down by customer with or without loans.

"Impaired" loans of the Bank and of the other companies of the Group - these exclusively trade receivables

- net of write-downs, totalled 7,764 thousand euros, of which 4,482 thousand euros were non-performing loans, 3,113 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.

- *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".

- *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.
With reference to impaired financial assets of the trust companies controlled by the Bank, the Risk Control Organisation Unit of the Parent Company analyses on a regular basis the maturity of past due receivables and prepares an adequate reporting for the Senior Management of the Bank and of the Subsidiary.

* * *

Quantitative information

A. Credit quality

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

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

Portfolio/Quality	Banking group						Other companies		Total
	Non-performing loans	Impaired loans	Restructured loans	Past due exposures impaired	Past due exposures not impaired	Other assets	Impaired	Other	
1. Financial assets held for trading						99,614			99,614
2. Available-for-sale financial assets						710,277			710,277
3. Financial assets held to maturity						2,319			2,319
4. Due from banks						76,020			76,020
5. Due from customers	4,482	3,113		169	14,849	266,870			289,483
6. Financial assets carried at fair value						–			–
7. Financial assets being disposed						–			–
8. Hedging derivatives						–			–
Total 2014	**4,482**	**3,113**	**–**	**169**	**14,849**	**1,155,100**			**1,177,713**
Total 2013	**5,549**	**3,248**	**–**	**2,206**	**54,449**	**935,806**			**1,001,258**

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)
A. Banking group							
1. Financial assets held for trading	–	–	–	X	X	99,614	99,614
2. Available-for-sale financial assets	–	–	–	710,277	–	710,277	710,277
3. Financial assets held to maturity	–	–	–	2,319	–	2,319	2,319
4. Due from banks	–	–	–	76,020	–	76,020	76,020
5. Due from customers	12,329	(4,565)	7,764	283,581	(1,862)	281,719	289,483
6. Financial assets carried at fair value	–	–	–	X	X	–	–
7. Financial assets being disposed	–	–	–	–	–	–	–
8. Hedging derivatives	–	–	–	X	X	–	–
Total A	**12,329**	**(4,565)**	**7,764**	**1,072,197**	**(1,862)**	**1,169,949**	**1,177,713**
B. Other companies included in the consolidation							
1. Financial assets held for trading				X	X		
2. Available-for-sale financial assets							
3. Financial assets held to maturity							
4. Due from banks							
5. Due from customers							
6. Financial assets carried at fair value				X	X		
7. Financial assets being disposed							
8. Hedging derivatives				X	X		
Total B	–	–	–	–	–	–	–
Total 2014	**12,329**	**(4,565)**	**7,764**	**1,072,197**	**(1,862)**	**1,169,949**	**1,177,713**
Total 2013	**13,933**	**(2,930)**	**11,003**	**873,166**	**(1,867)**	**990,255**	**1,001,258**

Gross impaired assets of 12,329 thousand euros consist of non-performing loans (7,123 thousand euros), impaired loans (5,036 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 Banking group - 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	–	–	X	–
e) Other assets	93,940	X	(26)	93,914
TOTAL A	**93,940**	**–**	**(26)**	**93,914**
B. OFF-BALANCE SHEET EXPOSURES				
a) Impaired	–	–	X	–
b) Other	877	X	–	877
TOTAL B	**877**	**–**	**–**	**877**
TOTAL A + B	**94,817**	**–**	**(26)**	**94,791**

A.1.6 Banking group - 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	5,036	(1,923)	X	3,113
c) Restructured exposures	–	–	X	–
d) Past due exposures	170	(1)	X	169
e) Other assets	1,077,829	X	(1,794)	1,076,035
TOTAL A	**1,090,158**	**(4,565)**	**(1,794)**	**1,083,799**
B. OFF-BALANCE SHEET EXPOSURES				
a) Impaired	–	–	X	–
b) Other	34,530	X	3	34,533
TOTAL B	**34,530**	**–**	**3**	**34,533**
TOTAL A + B	**1,124,688**	**(4,565)**	**(1,791)**	**1,118,332**

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

Reason/Category	Non-performing loans	Impaired loans	Restructured loans	Past due exposures
A. Gross opening balance	**7,123**	**4,604**	**–**	**2,206**
- of which: exposures sold and not derecognised				
B. Increases	**–**	**604**	**–**	**163**
B.1 inflows from performing loans		186		163
B.2 transfers from other categories of impaired loans		21		
B.3 other increases		397		
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**	**5,036**	**–**	**170**
- of which: exposures sold and not derecognised				

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

Reason/Category	Non-performing loans	Impaired loans	Restructured loans	Past due exposures
A. Total opening adjustments	**1,574**	**1,356**	**–**	**–**
- of which: exposures sold and not derecognised				
B. Increases	**1,067**	**594**	**–**	**1**
B.1 value adjustments	1,067	594		1
B.1.bis Losses from disposals				
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**	**1,923**	**–**	**1**
- of which: exposures sold and not derecognised				

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

A.2.1 Banking group - 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 Banking group - 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

The foregoing data are exclusively ascribable to the Bank.

B. Distribution and concentration of credit exposures

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

Exposures/Counterparties	Governments and Central Banks			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	89,106	X	(94)		X	
TOTAL A	**89,106**	**–**	**(94)**	**–**	**–**	**–**
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	**89,106**	**–**	**(94)**	**–**	**–**	**–**
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	3,110	(1,841)	X	–	–	X
		X			X			X			X
		X			X	170	(1)	X	–		X
27,651	X	163		X		869,864	X	(1,641)	89,413	X	(153)
28,570	**(183)**	**163**	**–**	**–**	**–**	**876,710**	**(4,382)**	**(1,641)**	**89,413**	**–**	**(153)**
		X			X			X			X
		X			X			X	–		X
		X			X			X			X
21,681	X	–		X		6,217	X		6,635	X	3
21,681	**–**	**–**	**–**	**–**	**–**	**6,217**	**–**	**–**	**6,635**	**–**	**3**
50,251	**(183)**	**163**	**–**	**–**	**–**	**882,927**	**(4,382)**	**(1,641)**	**96,048**	**–**	**(150)**
40,073	**(556)**	**133**	**–**	**–**	**–**	**636,930**	**(2,374)**	**(1,591)**	**92,384**	**–**	**(298)**

B.2 Banking group - Geographical distribution of cash and "off-balance sheet" loan 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	3,113	(1,923)								
A.3 Restructured exposures										
A.4 Past due exposures	169	(1)								
A.5 Other exposures	1,065,317	(1,794)	10,718							
TOTAL	**1,073,081**	**(6,359)**	**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	33,469	3	1,064							
TOTAL	**33,469**	**3**	**1,064**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL 2014	**1,106,550**	**(6,356)**	**11,782**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL 2013	**873,080**	**(6,792)**	**11,426**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

B.3 Banking group - 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	88,083	(26)	5,831	–						
TOTAL	**88,083**	**(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	**88,951**	**(26)**	**5,840**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL 2013	**95,391**	**(18)**	**6,979**	**–**	**–**		**–**	**–**	**–**	**–**

B.4 Major exposures

a) Amount (book value)	1,736,944 thousand euros
b) Amount (weighted value)	159,244 thousand euros
c) Number	16

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

C.2 Disposal of companies

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 Banking group - Financial assets sold and not derecognised: book value and full value

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

Available-for-sale financial assets			Financial assets held to maturity			Due from banks			Due from customers			Total	
A	B	C	A	B	C	A	B	C	A	B	C	31.12.2014	31.12.2013
602,540	–	–										**602,540**	**386,706**
602,540												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**	**X**	**X**	**X**		
602,540	–	–	–	–	–	–	–	–	–	–	–	**602,540**	**X**
													X
381,706												**X**	**386,706**
												X	

C.2.2 Banking group - 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							
3. Outstanding securities							
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. Banking group - Credit risk measurement models

In order to assess the Credit Risk, the Bank uses a standardised method for the quantification of perspective 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.

1.2 – Banking group - market risk

1.2.1 Interest rate risk and price risk – Regulatory trading portfolio

Qualitative information

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).

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

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	–						

1.2.2 Interest rate risk and price risk – Banking book

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 76 million euros, of which 67 million euros in deposits to banks, mainly with variable rate; 4 million euros in compulsory variable rate reserve; and 5 million euros in fixed-term loans with maturity within February;
  - loans to customers, totalling 289 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 937 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; 296 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

The banking portfolio is made up of UCIs, debt securities and share capital securities. Listed and unlisted shares included in the AFS portfolio – being held as a result of complex relationships with specific subjects or representing an instrument supporting significant initiatives – represent strategic investments. The risk exposure of such financial instruments is monitored in the same way as equity investments are managed. The internal structures of the Bank continuously monitor and provide adequate reporting to the Senior Management and to the Board of Directors of the Bank containing 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	**334,390**	**141,765**	**191,706**	**342,373**	**49,045**	**434**	**236**	**–**
1.1 Debt securities	–	134,727	191,194	341,815	44,858	–	2	–
- with the option of early redemption	–	2,668						
- other	–	132,059	191,194	341,815	44,858		2	
1.2 Loans to banks	53,589	5,000						
1.3 Loans to customers	280,801	2,038	512	558	4,187	434	234	–
- current accounts	98,258	–						
- other loans	182,543	2,038	512	558	4,187	434	234	–
with the option of early redemption	153,522	33	512	558	4,187	434	234	
other	29,021	2,005				–		
2. Cash liabilities	**418,522**	**153,376**	**179,892**	**277,507**	**36,227**	**–**	**–**	**–**
2.1 Due to customers	321,735	132,299	179,892	277,507	10,346			
- current accounts	281,188	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	96,787	–	–	–	–	–	–	–
- current accounts	1,417							
- other payables	95,370							
2.3 Debt securities	–	21,077	–	–	25,881	–	–	–
- with the option of early redemption			–	–	–			
- other		21,077	–		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 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	**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 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	**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

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								

1.2.3 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 cancelled by the complete "management" hedging carried out through forward sales of Sterling against Euro.

Quantitative information

1. Distribution of assets, liabilities and derivatives by currency

Items	Currencies					
	US Dollars	Pound	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 derivatives	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**

1.2.4 Derivative instruments

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)**

1.3 Banking group - Liquidity risk

Qualitative information

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

The Group 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 and the companies of the Group are not able to meet their 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 their core business activities and/or financial situation.

Market liquidity risk means the risk according to which the Group 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 Group'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	**177,758**	**–**	**30,116**	**3,396**	**203,510**	**196,555**	**370,084**	**138,662**	**75,771**	**3,404**
A.1 Treasury Bonds	2		30,008	–	185,891	191,166	340,057	43,703	5	
A.2 Other debt securities			108	195	10,637	124	321	7,663	719	
A.3 UCI units	35,940									
A.4 Loans	141,816	–	–	3,201	6,982	5,265	29,706	87,296	75,047	3,404
- Banks	50,184	–	–	–	5,000		–			3,404
- Customers	91,632			3,201	1,982	5,265	29,706	87,296	75,047	
Cash liabilities	**284,199**	**29,897**	**220**	**40,960**	**176,268**	**180,103**	**277,580**	**75,942**	**–**	**–**
B.1 Deposit and current accounts	282,019	90	220	440	1,573	20,261	6,827	10,346	–	–
- Banks	1,417									
- Customers	280,602	90	220	440	1,573	20,261	6,827	10,346	–	–
B.2 Debt securities					21,044		–	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 dollars

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 dollars

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 francs

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										

1.4 – Banking group - 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.

During the year ended 31 December 2014, periodic meetings continued to be held between the Parent company and the subsidiaries Investire Immobiliare SGR S.p.A., Finnat Fiduciaria S.p.A. and Fedra Fiduciaria S.p.A.; during the meetings the controls applied by the subsidiaries were analysed without observing any anomalies. With specific regard to trust companies, at 31 December 2014 activities are ongoing for the implementation of the operating risk monitoring system, already adopted by the Group, expected to be completed in the early months of 2015.

With regards to the quantification of internal capital supporting the operating risk, as previously indicated, 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.

Section 3 - Risks of other companies

As at 31 December 2014, all the subsidiaries of the Parent Company belong to the Group; therefore, there are not risks of other companies.

Part F – Information on the consolidated net equity

Section 1 – Consolidated net equity

Qualitative and quantitative information

The Group 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 capital ratio of 8%, calculated by reference to credit and market prices.

The consolidated net equity totals 194,521 thousand euros. It is detailed in the table below.

B.1 Consolidated net equity: breakdown by company type

Net equity items	Banking group	Insurance companies	Other companies	Consolidation cancellations and adjustments	Total
Share capital	72,576				72,576
Share issue premiums					–
Reserves	101,024		–		101,024
Capital instruments					–
(Own shares)	(12,410)				(12,410)
Valuation reserves:	28,347	–	–	–	28,347
- Available-for-sale financial assets	27,218				27,218
- 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	(354)				(354)
- Share of valuation reserves of equity investments valued by equity method	119				119
- Special revaluation regulations	1,364				1,364
Profit (loss) for the year (+/-) of the Group and third parties	4,984		–		4,984
Net equity	**194,521**	**–**	**–**	**–**	**194,521**

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

Assets/amounts	Banking group		Insurance companies		Other companies		Total 31.12.2014	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	1,759	9					1,759	9
2. Equity securities	26,674	–					26,674	–
3. UCI units	452	1,328					452	1,328
4. Loans							–	–
Total 31.12.2014	**28,885**	**1,337**	**–**	**–**	**–**	**–**	**28,885**	**1,337**
Total 31.12.2013	**20,695**	**1,835**					**20,695**	**1,835**

The breakdown of the valuation reserves refers to the Group. Third-party valuation reserve is negative by the amount of 331 thousand euros.

The reserve of item 1. Debt securities concerns almost exclusively the fair value adjustment, after taxes on total Government Bonds held by the Bank.

The reserve of item 2. Equity securities concerns the adjustment to fair value, net of taxes, of the shares in London Stock Exchange Group plc of 25,205 thousand euros, Anima Holding S.p.A. of 1,466 euros and other Shares of 3 thousand euros, all held by the Bank.

The reserve of item 3. UCI units concerns the adjustment to fair value, net of taxes, of units held by the Bank, positive by 450 thousand euros and units held by the subsidiary Investire Immobiliare SGR S.p.A., negative by 1,326 thousand euros.

B.3 Valuation reserves of available-for-sale financial assets: annual changes

	Debt securities	Equity securities	UCI units	Loans
1. Opening balance	**2,902**	**17,132**	**(1,174)**	**–**
2. Positive changes	**1,336**	**12,433**	**584**	**–**
2.1 Increases in fair value	323	12,433	44	–
2.2 Reallocation of negative reserve to income statement	1,013	–	540	–
- from impairment	–	–	540	–
- from disposal	1,013	–		–
2.3 Other changes	–	–	–	–
3. Negative changes	**2,488**	**2,891**	**286**	**–**
3.1 Decreases in fair value	1,019	–	286	–
3.2 Adjustments from impairment	–	–		–
3.3 Reallocation to income statement from positive reserves: from disposal	1,469	2,891		–
3.4 Other changes	–	–	–	–
4. Closing balance	**1,750**	**26,674**	**(876)**	**–**

The comment to the changes is illustrated in part D – Consolidated comprehensive Income.

B.4 Valuation reserves related to defined benefit plans: annual changes

Negative Reserves related to defined benefit plans amount to 354 thousand euros (of which the Group's reserves are negative by 333 thousand euros and third parties' reserves are negative by 21 thousand euros). At 31 December 2013, these Reserves were negative by 124 thousand euros (of which the Group's reserves are negative by 126 thousand euros and third parties' reserves are positive by 2 thousand euros).

Section 2 – Own funds and capital ratios

2.1 Scope of the regulations

2.2 Banks' own funds

Since 1 January 2014, the Consolidated regulatory capital is determined based on the new harmonised regulations for the Banks and the Investment companies contained in the Regulation ("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 (the so-called 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".

The transition to the new regime has not yet entailed any significant impact on the Own Funds and on the capital ratios of the banking group. Pursuant to the new regulation, in fact, the Own Funds at 31 December 2014 amount to 137,087 thousand euros whereas its total capital ratio stands at 29.8% versus the 8% minimum requirement set forth in the current legislation for Credit Institutions.

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" or "CET1")	135,425	euros
Additional Tier 1 ("Additional Tier 1" or "AT1")	–	euros
Tier 2 ("Tier 2" or "T2")	1,662	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 filters**	**199,866**	**157,700**
	of which CET1 instruments subject to transitional provisions		
B.	Prudential filters for CET1 (+/-)		–
C.	**CET1 including deductions and the effects of the transitional regulations (A+/-B)**	**199,866**	**157,700**
D.	**Deductions from CET1**	**(48,028)**	**(12,979)**
E.	**Transitional regulations - Impact on CET1 (+/-) including minority interests subject to transitional provisions**	**(16,413)**	**–**
F.	**Total Common Equity Tier 1 (Common Equity Tier 1 - AT1 - CET1) (C - D+/-E)**	**135,425**	**144,721**
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 AT1 (+/-) including instruments issued by subsidiaries and included in AT1 by effect of transitional provisions**	**–**	**–**
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 (+/-) including instruments issued by subsidiaries and included in T2 by effect of transitional provisions**	**1,662**	**–**
P.	**Total Tier 2 (Tier 2 - T2) (M-N +/-O)**	**1,662**	**–**
Q.	**Total own funds (F+L+P)**	**137,087**	**144,721**

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 Group 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 137,789 thousand euros.

2.3 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 on the breakdown of risk assets and on the capital ratios, the Group's CET 1 Capital Ratio and Tier 1 Capital Ratio are both equal to 29.5%, whilst its Total Capital Ratio is 29.8%.

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	1,784,777	1,126,263	317,331	314,760
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			25,386	25,181
B.2 Risk of adjustment of the credit measurement			1	–
B.3 Settlement risk				
B.4 Market risks			4,487	4,288
1. Standard methodology			4,487	4,288
2. Internal models				
3. Concentration risk				
B.5 Operating risk			6,912	6,188
1. Basic method			6,912	6,188
2. Standardised method			–	
3. Advanced method			–	
B.6 Other calculation elements			–	
B7. Total prudential requirements			36,786	35,657
C. RISK ASSETS AND ADEQUACY RATIOS				
C.1 Weighted risk assets			459,825	445,713
C.2 Common Equity Tier 1 /Weighted risk assets (CET1 capital ratio)			29.5%	32.5%
C.3 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)			29.5%	32.5%
C.4 Total own funds/Weighted risk assets (Total capital ratio)			29.8%	32.5%

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 separate financial statements, the extraordinary transaction under common control was carried out, involving the merger 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 recognised by the absorbing entity with continuity of values and therefore without effects on the consolidated financial statements.
The merger was a part of the reorganisation process within the Group, whose goal is to simplify the corporate structure.

On 29 December 2014, a business combination regulated by IFRS 3 was completed; it was 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.

Section 2 - Combinations completed after the end of the year

The business combination per the last paragraph of the above section had statutory and tax effects starting from 1 January 2015.

This combination is illustrated in detail in the paragraph “The main transactions in the year” of the Report on Operations for the separate financial statements, to which reference is made herein.

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)	Other Receivables (Payables)	Securities available for sale	Sureties issued
ASSOCIATED COMPANIES				
Imprebanca S.p.A.	(1,259)	–	–	–
MANAGEMENT WITH STRATEGIC RESPONSIBILITIES AND AUDITING BODIES	**(1,122)**			
OTHER RELATED PARTIES	**(1,779)**	**239**	**2,690**	**1,667**

Other Receivables (Payables) are included in the financial statement items "Other assets" and "Other liabilities".

With regard to associated companies, the only significant income statement item relates to the interest income from Imprebanca S.p.A. amounting to 74 thousand euros.

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.
The 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	Banking group		
	Number of options	Average prices	Average maturity
A. Opening balance	**17,000,000**	**0.4702**	**2015**
B. Increases	**–**	**–**	**X**
B.1 New issues	–	–	–
B.2 Other changes	–	–	X
C. Decreases	**–**	**–**	**X**
C.1 Cancelled	–	–	X
C.2 Exercised	–	–	X
C.3 Expired	–	–	X
C.4 Other changes	–	–	X
D. Closing balance	**17,000,000**	**0.4702**	**2015**
E. Exercisable options at the end of the year	**–**	**–**	**X**

	Insurance companies			Other companies			31.12.2014			31.12.2013		
	Number of options	Average prices	Average maturity	Number of options	Average prices	Average maturity	Number of options	Average prices	Average maturity	Number of options	Average prices	Average maturity
	–	–	–	–	–	–	17,000,000	0.4702	2015	24,000,000	0.4702	2015
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	–	X	7,000,000	0.4702	X
	–	–	X	–	–	X	–	–	X	7,000,000	0.4702	X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	X	–	–	X	–	–	X	–	–	X
	–	–	–	–	–	–	17,000,000	0.4702	2015	17,000,000	0.4702	2015
	–	–	X	–	–	X	–	–	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.

During the financial year under review, the measurement of the assignment rights was updated 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.

In these consolidated financial statements, the item “Staff costs” includes the amount of 176 thousand euros concerning the assessment at the assignment date of stock option rights assigned to the Group’s management (of which 160 thousand euros referring to the Bank).

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

A – Primary reporting

For the purpose of identifying operating segments and establishing the figures to be allocated, the segment reporting of the Banca Finnat Group is based on its organisation and management structure, along with the internal auditing system used to support the management's operating decisions.

The Banca Finnat Group operates primarily in Italy, where it carries out conventional credit brokerage activities and provides asset management and administration services.

For IAS segment reporting purposes, the Group has adopted the "business approach", selecting as the primary representative base, for the breakdown of its balance sheet and income statement figures, the main business sectors through which it carries out its consolidated activities and which constitute the internal reporting segments used by the Management for allocating resources and analysing the related performances.

The segments identified for providing an operation-based description of the Group results, also defined on the basis of business representativeness/prevalence criteria, are:

- assets under management
- assets under administration
- trusteeships
- banking services holding and other.

Income statement calculation criteria by business segment

The calculation of before-tax profit by business segment is based on the following criteria:

- the Bank's interest margin also takes into account the figurative performance of the owned capital and has been reclassified in the "Banking Services Holding and Other" segment, while, as regards the other Group entities, the various differences between interest income and similar income and interest expense and similar expense have been allocated to the relevant Business Area, minus the consolidation adjustments;
- net commissions have been identified through the direct allocation of the commission components to the various business segments;
- the dividends received by the Bank, minus the consolidation adjustments, have been reclassified in the "Banking Services Holding and Other"; while those received by the other Group companies were assigned on the basis of the type of business activities performed;
- the net income from trading activities generated by the Bank has been attributed to the business segment that generated effectively the profit; while the profit generated by the other Group entities has been allocated directly on the basis of the business activities performed;
- the Operating costs item represents an aggregate and includes Administrative expenses, Other operating income and expenses and Provisions for risks and charges. The expenses incurred by the Bank were apportioned according to a model that envisages the direct or indirect allocation of the costs to organisational services and, subsequently, their allocation through specific drivers to the business segments. The expenses incurred by subsidiaries, minus the intra-group entries, were directly allocated

to the segments on the basis of the business activities performed. Costs that cannot be reasonably allocated and residual costs were allocated to the "Banking Services Holding and Other segment";
- the aggregate figure for value adjustments includes Value adjustments for impairment and Value adjustments on tangible and intangible assets due to the amortisation process. Items regarding non-divisionalised entities (single segment) were directly allocated based on the relevant business segment, while the Bank's divisionalised ones were indirectly allocated through suitable drivers.

Criteria for calculating the balance sheet aggregates by business segment

Balance sheet aggregates were calculated according to the matching concept, with costs/revenues allocated to the single segments.
In particular:
- Receivables from customers are the assets directly employed in the operating activities of the segment and directly attributable thereto.
- Payables to managed customers were reclassified in the "Assets under management" segment, the remaining payables were allocated to the "Banking Services Holding and Other segment".

Assets/liabilities that cannot be reasonably attributed were allocated to the "Banking Services Holding and Other segment".

Transactions between business segments

In each business segment, the revenues, costs, assets and liabilities are calculated before the intra-group balances and intra-group transactions are eliminated within the consolidation process. When intra-group transactions take place between entities belonging to the same business segment, the relevant balances are eliminated within the segment in question.

Consolidated aggregate income statement values by business segment

BUSINESS SEGMENTS	ASSETS UNDER MANAGEMENT	ASSET UNDER ADMINISTRATION	TRUSTEESHIP	BANKING SERVICES HOLDING AND OTHER	TOTAL
Interest margin	–	–	25	12,572	12,597
Net Commissions	16,113	5,260	1,857	2,540	25,770
Dividends	–	–	–	3,786	3,786
Net income from trading activities	(87)	–	–	(1,614)	(1,701)
Profit (loss) from AFS acquisition	–	–	60	4,752	4,812
Losses from the disposal of receivables	–	–	–	–	–
EARNINGS MARGIN	**16,026**	**5,260**	**1,942**	**22,036**	**45,264**
Operating costs	(13,073)	(4,032)	(2,154)	(14,591)	(33,850)
Net value adjustments for impairment of:					
- receivables	–	–	(78)	(1,314)	(1,392)
- available-for-sale financial assets	–	–	–	(1,602)	(1,602)
- other financial transactions	–	–	–	(47)	(47)
Profit from equity investments	–	–	–	315	315
PRE-TAX PROFIT	**2,953**	**1,228**	**(290)**	**4,797**	**8,688**

Consolidated aggregate balance sheet values by business segment

BUSINESS SEGMENTS	ASSETS UNDER MANAGEMENT	ASSET UNDER ADMINISTRATION	TRUSTEESHIP	BANKING SERVICES AND OTHER SERVICES HOLDING	TOTAL
Financial assets	**1,346**	–	**1,028**	**896,396**	**898,770**
Due from customers	**4,542**	–	**843**	**284,098**	**289,483**
Due from banks	**1,481**	–	–	**74,539**	**76,020**
Due to customers	**56,484**	–	–	**880,611**	**937,095**
Due to banks	**11**	–	–	**97,193**	**97,204**
Outstanding securities	–	–	–	**46,958**	**46,958**
Financial liabilities	–	–	–	**2,359**	**2,359**

B – Secondary reporting

The distribution of balance sheet and income statement figures by geographical area is not shown, due to the fact that the Group operates almost exclusively in Italy.

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

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 consolidato, 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. e sue controllate (Gruppo Banca Finnat Euramerica) 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 consolidato 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 consolidato presenta ai fini comparativi i dati dell'esercizio precedente. Come illustrato nella nota integrativa, gli amministratori hanno riesposto 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 consolidato chiuso al 31 dicembre 2014.

3. A nostro giudizio, il bilancio consolidato del Gruppo Banca Finnat Euramerica 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 del Gruppo Banca Finnat Euramerica per l'esercizio chiuso a tale data.

Building a better working world

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 consolidato del Gruppo Banca Finnat Euramerica 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 CONSOLIDATED 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 for preparing the consolidated financial statements during the 2014 financial period.

2. No significant matters emerged, with respect thereto.

3. The undersigned also certify that:
   3.1. the consolidated 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 and of the set of companies included in the consolidation.

   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 and of the companies included in the consolidation, 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 corporate reports and accounting documents

(Paolo Collettini)

HIGHLIGHTS OF THE RESOLUTIONS OF THE GENERAL MEETING OF SHAREHOLDERS

The ordinary General Meeting of the shareholders of Banca Finnat Euramerica S.p.A. was held on 28 April 2015, at 10 am, in Rome, Piazza del Gesù 49, and resolved:

– with regard to item one on the agenda

- having acknowledged the reports by the Board of Statutory Auditors and the Auditing Firm, and examined the draft financial statements at 31 December 2014 and the consolidated financial statements at 31 December 2014, to approve the Directors' Report on Operations and the Financial Statements at 31 December 2014, including the relevant schedules and attachments, as prepared by the Board of Directors;
- to allocate the operating profit as follows:

operating profit	**4,332,709**	**euro**
– to the legal reserve, a 5% share apportioned in accordance with the law and articles of association	216,635	euro
– to the 362,880,000 ordinary shares a gross dividend of euro 0.010 per share amounting to 5% of each share's nominal value	3,628,800	euro
(pursuant to article 2357 ter of the Civil Code, the profit payable in connection with the treasury shares held on the dividend detachment date shall be apportioned in proportion to the other shaes)		
– to the extraordinary reserve	487,274	euro
totalling	**4,332,709**	**euro**

to pay the dividend above, through the qualified intermediaries, in accordance with the applicable regulations for centralised dematerialised shares, effective from 20 May 2015 (coupon 31), with coupon detachment date 18 May 2015;

– with regard to item two on the agenda

- to establish that the Board of Directors shall comprise 11 (eleven) members and to appoint the Board members for the 2015-2016-2017 3-year period, expiring with the approval of the financial statements at 31 December 2017, as follows:

  Dott. Ermanno Boffa,
  Dott. Leonardo Buonvino,
  Avv. Carlo Carlevaris
  Dott Roberto Cusmai,
  Dott. Arturo Nattino,
  Dott. Giampietro Nattino,
  Dott Giulia Nattino,
  Avv. Maria Sole Nattino,
  Dott. Lupo Rattazzi,
  Prof. Andreina Scognamiglio,
  Dott. Marco Tofanelli.

- to determine in euro 60,000 and euro 10,000 the gross annual remuneration granted pro rata temporis to the Chair of the Board of Directors and each director, respectively, and to grant a further remuneration of euro 50,000 to be apportioned among the Directors, based on the resolution by the Board of Directors;

– with regard to item three on the agenda

- to appoint as the Honorary Chair of the Board of Directors Avv. Carlo Carlevaris for the 2015-2017 3-year period, expiring with the approval of the financial statements at 31 December 2017 and to determine in euro 10,000 the gross annual remuneration granted pro rata temporis to the Honorary Chair;

– with regard to item four on the agenda

- to appoint the members of the Board of Statutory Auditors for the 2015/2016/2017 3-year period, expiring with the approval of the financial statements at 31 December 2017, as follows:
  Alberto De Nigro (permanent auditor)
  Barbara Fasoli Braccini (permanent auditor)
  Francesco Minnetti (permanent auditor)
  Antonio Staffa (alternate auditor)
  Laura Bellicini (alternate auditor)
- to determine in euro 50,000 and euro 45,000 the gross annual remuneration granted pro rata temporis to the Chair of the Board of Statutory Auditors and to each Permanent Auditor, respectively; in the event of the appointment of members of the Supervisory Body, pursuant to art. 6 of Legislative Decree 231/2001, each Auditor shall receive a further annual remuneration of euro 5,000;

– with regard to item five on the agenda

- to repeal, to the extent deemed necessary, the previous resolution regarding the purchase of treasury shares up to a revolving limit of 5,000,000 extra ordinary treasury shares, on top of those already held by the Bank in its portfolio, and, in any case, up to a maximum value of euro 2,177,280, valid until 28 April 2015;
- to authorise the Board of Directors, which may grant the necessary executive powers to either one of its members or to the General Manager, to purchase on the regulated markets, in one or more tranches, between 29 April 2015 and until 29 April 2016, up to a revolving limit of 5,000,000 extra ordinary shares on top of those already held by the Bank in its portfolio, and, in any case, up to a maximum value of euro 2,177,280, for a unit price, per transaction, of no more or less than 8% of the reference price recorded in the preceding trading session, subject to the transfer to the "Extraordinary Reserve" of the residual "Treasury share purchase fund" in respect of the expired plans, and the establishment of a new "Treasury share purchase fund" for euro 2,177,280, by transfer from the Extraordinary Reserve; the purchase transactions shall, in any case, be made in pursuance of articles 2357 et seq. of the Civil Code, of article 132 of Legislative Decree 58/1998, of article 144-bis of the Regulations adopted by the Consob based on resolution no. 11971 passed on 14 May 1999, as amended, and of any other applicable regulations; therefore, it is highlighted, in accordance with the criteria set out in the Commission Delegated Regulation (EU) No. 241/2014, and in particular in the provisions of art. 29.3 thereof, that the purchase of new shares is carried out for market making purposes;
- to authorise the Board of Directors, which may grant the necessary executive powers to either one of

its members or to the General Manager, to provide for the disposal of the portfolio treasury shares held by the Bank, from time to time, at the following conditions:

a) the authorisation is provided for an indefinite term;
b) the treasury shares may be disposed of even before the amount of purchases herein has been accounted for, in one or more tranches, without any specific deadlines, according to the procedures deemed most expedient, in the Bank's interest and in accordance with the applicable regulations, by selling on the stock market or any other transaction allowed by the applicable provisions, for a price that cannot be lower by 8% of the reference price recorded in the previous trading session and, in any case, in accordance with the applicable laws and regulations;

– with regard to item six on the agenda

- to approve the remuneration policy of Banca Finnat Euramerica S.p.A., as illustrated;
- to grant the Board of Directors – which may sub-delegate to the Chief Executive Officer – the powers to enforce the said policy, also in accordance with any instructions received from the Supervisory Board, in connection with the matter.

Rome, 28 April 2015

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Tax Identification No.	00168220069	Email	banca@finnat.it
VAT Registration No.	00856091004	Investor Relations	investor.relator@finnat.it

The Company is listed on the official market and its shares are admitted to trading on the STAR segment.
The above data refer to the Parent Company Banca Finnat Euramerica S.p.A.

www.bancafinnat.it