BANCA FINNAT

GRUPPO BANCA FINNAT

CONSOLIDATED HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2015

CONSOLIDATED HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2015

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BOARD OF DIRECTORS

Carlo Carlevaris
Honorary Chairman

Giampietro Nattino
Chairman

Leonardo Buonvino
Deputy Chairman

Arturo Nattino
Managing Director

Ermanno Boffa
Director

Roberto Cusmai
Director

Giulia Nattino
Director

Maria Sole Nattino
Director

Lupo Rattazzi
Director

Andreina Scognamiglio
Director

Marco Tofanelli
Director

BOARD OF STATUTORY AUDITORS

Alberto De Nigro
Chairman

Barbara Fasoli Braccini
Permanent Auditor

Francesco Minnetti
Permanent Auditor

Laura Bellicini
Alternate Auditor

Antonio Staffa
Alternate Auditor

MANAGEMENT

Arturo Nattino
General Manager

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

Alberto Alfiero
Deputy General Manager

Giulio Bastia
Deputy General Manager

AUDITING FIRM

Reconta Ernst & Young S.p.A.

EXPLANATORY NOTES TO THE CONSOLIDATED HALF-YEARLY FINANCIAL REPORT

The Consolidated half-yearly financial report was prepared pursuant to Article 154-ter, paragraph 2 of Legislative Decree 195 of 6 November 2007, in accordance with the EU Directive 2004/109/EC (the so-called Transparency Directive), according to which the listed issuers are required to publish a half-yearly report (accompanied by an audit report, if prepared), within sixty days from the end of the first half of the financial year, comprising:

- the Condensed half-yearly financial statements, prepared in accordance with the international accounting standards and in consolidated form, if the listed issuer is required to prepare consolidated financial statements;
- the Interim report on operations, including reference to any relevant events that took place in the first six months of the financial year and their impact on the Condensed consolidated half-yearly financial statements, including a description of the primary risks and uncertainties for the remaining six months of the year, as well as information on any material transactions with related parties;
- a declaration by the manager in charge of preparing the corporate reports and accounting documents.

In compliance with Article 154-ter, paragraph 2, of the Consolidated Financial Act, the present consolidated half-yearly financial report:

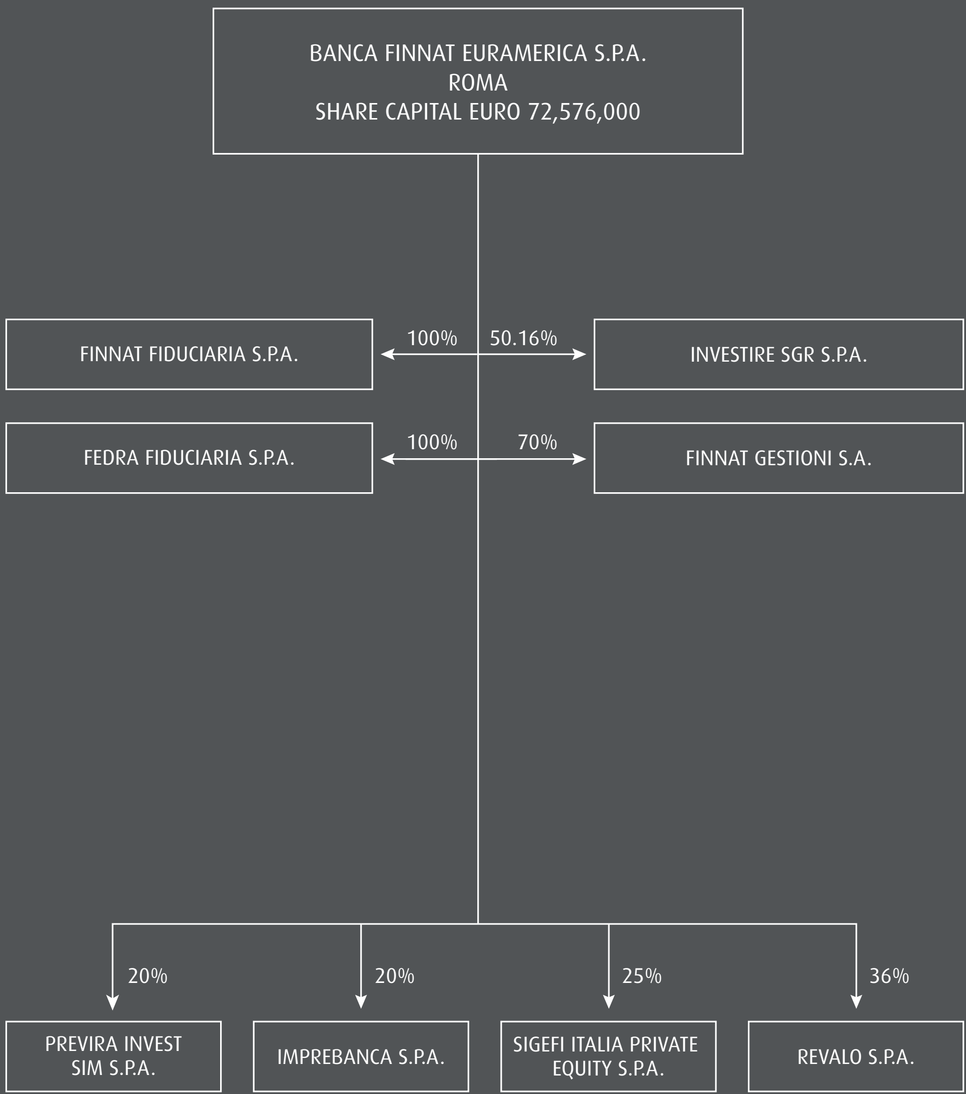
- an Interim report on operations;
- the Condensed consolidated half-yearly financial statements (in abridged format), pursuant to IAS 34 "Interim Financial Reporting". These financial statements therefore do not contain all the information required to be set out in the annual financial statements and should, therefore, be analysed in conjunction with the financial statements for the year ended on 31 December 2014, prepared consistently with the IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Economic Community (see Regulation no. 1606/2002). The Condensed consolidated half-yearly financial statements consists of:
  - the set of statements adopted for the Consolidated yearly financial statements: the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net equity and the consolidated statement of cash flows;
  - condensed explanatory notes which also include sections A.3 and A.4 referring respectively to the information on transfers among portfolios of financial assets and on the fair value;
- a declaration by the manager in charge of preparing the corporate reports and accounting documents.

The Condensed consolidated half-yearly financial statements are subject to a limited audit by Reconta Ernst & Young S.p.A.

INTERIM REPORT ON GROUP OPERATIONS

GROUP STRUCTURE

The following diagram shows the Group's structure at 30 June 2015:



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%.

On 28 April 2015 the Shareholders' Meeting of the subsidiary Investire Immobiliare SGR S.p.A. changed its name to Investire SGR S.p.A., with effect from 1 June 2015.

On 25 May 2015 the associated company Beni Stabili Property Service S.p.A. changed its name to Revalo S.p.A.

KEY FIGURES FOR THE GROUP

	30 June 2015	31 December 2014	30 June 2014
CONSOLIDATED NET EQUITY OF THE GROUP (in thousands of euros)	210,320	191,085	186,128
HUMAN RESOURCES OF THE GROUP	310	229	227
CONSOLIDATED PROFIT (LOSS) (in thousands of euros)	4,136	4,248	2,190

STOCK EXCHANGE CAPITALISATION OF BANCA FINNAT EURAMERICA

	Number of shares	Market price 21 July 2015	Capitalisation 21 July 2015 (in thousands of euros)	Net equity share (in thousands of euros)	Consolitaded capital (in thousands of euros)
ORDINARY SHARES	362,880,000	0.4980	180,714	210,320	72,576

Changes in the Group's deposits

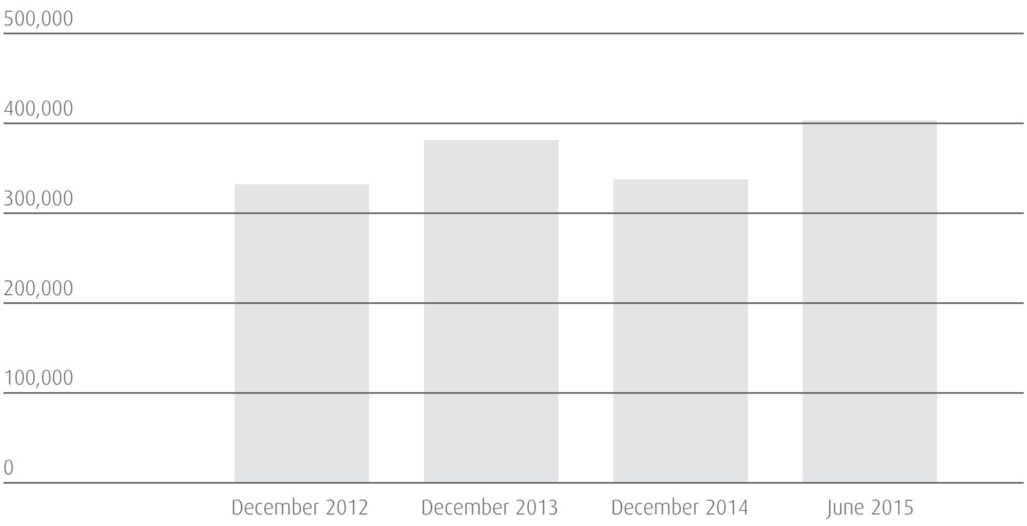
(in thousands of euros)

	December 2012	December 2013	December 2014	June 2015
Direct deposits from customers (parent Bank)	**331,542**	**380,810**	**336,854**	**402,681**
- Due to customers (current accounts)	234,185	284,987	248,080	303,342
- Fixed-term deposits	33,185	54,138	40,116	72,368
- Outstanding securities	64,172	41,685	48,658	26,971
Indirect deposits (parent Bank)	**3,374,926**	**4,029,489**	**4,338,207**	**4,617,300**
- Individual management	405,593	396,335	427,690	434,907
- Delegated management	218,215	214,972	244,252	276,760
- Deposits under administration (UCI and securities)	2,746,111	3,398,930	3,451,980	3,647,583
- Deposits under administration under advice (UCI and securities)	–	–	183,688	225,602
- Third parties' insurance products	5,007	19,252	30,597	32,448
Trusteeship	**1,543,662**	**1,581,762**	**1,471,884**	**1,448,738**
Real Estate Fund Management	**3,840,700**	**3,882,512**	**4,130,632**	**6,773,977**
Total deposits	**9,090,830**	**9,874,573**	**10,277,577**	**13,242,696**
Luxembourg-based Sicav, (UCI the "Promoter" of which is Banca Finnat: New Millennium, Rinascimento Sicav),	**599,984**	**612,302**	**702,614**	**712,898**

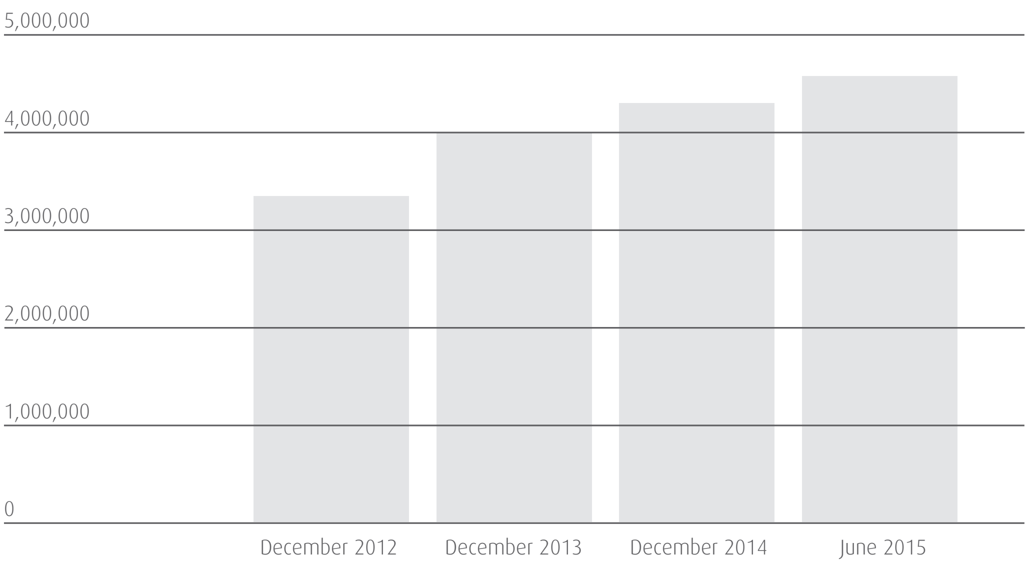
The above statement shows the changes in the Group's deposits broken down by type. In particular: a) direct and indirect funding from customers refer to the Bank's activity and does not include repos having the Cassa di Compensazione e Garazia as the counterparty; b) trusteeship does not include the funding of Finnat Gestioni S.A.; c) the assets of the subsidiary Investire SGR S.p.A. is measured at the market value of the total managed assets. The increase, compared to 31 December 2014, derives from the contribution of Beni Stabili Gestioni SGR S.p.A. and Polaris SGR S.p.A., absorbed with effect on 1 January 2015.

All assets shown in the statement also take into account the amount invested in them and originating from the other types highlighted.

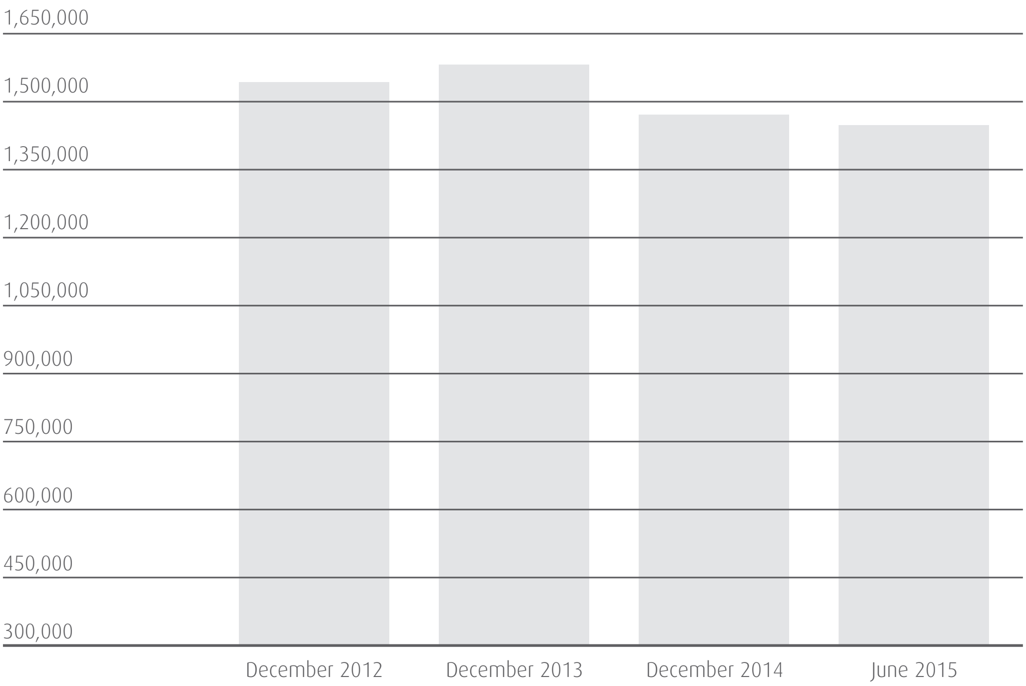
Direct deposits from customers



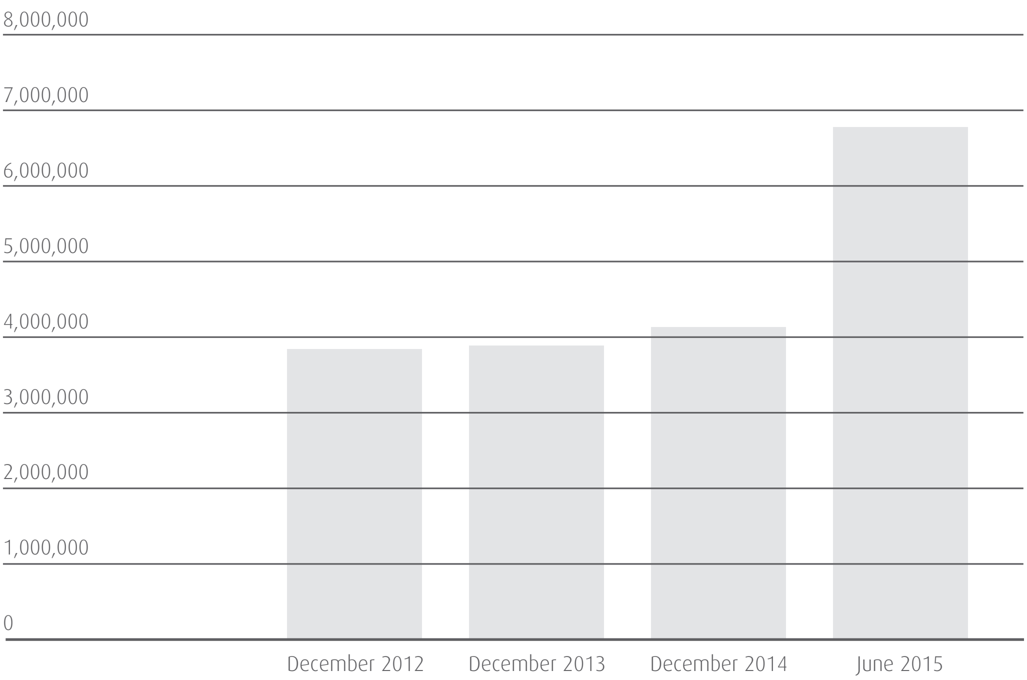
Indirect deposits



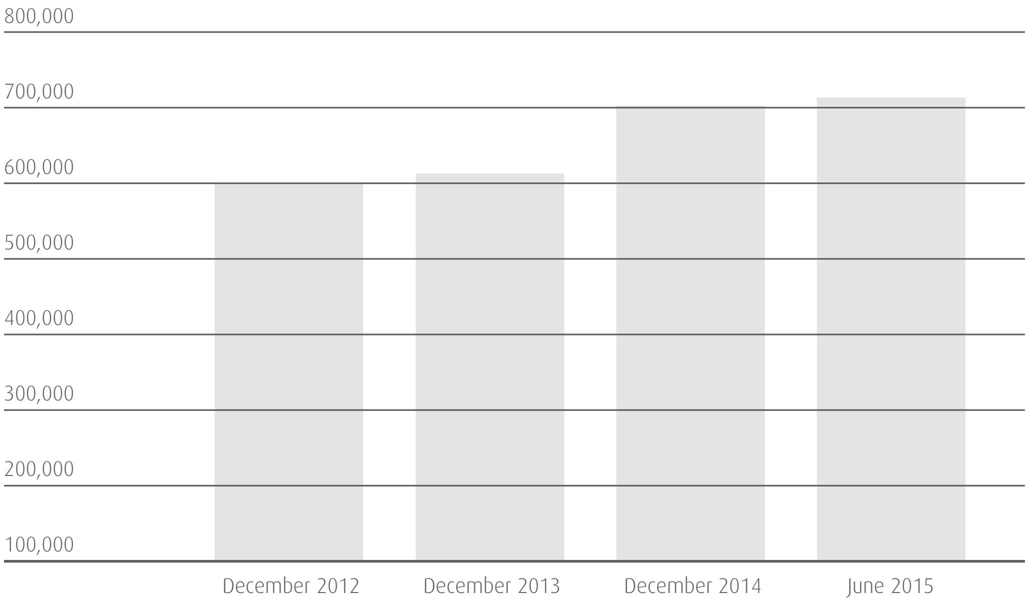
Trusteeship



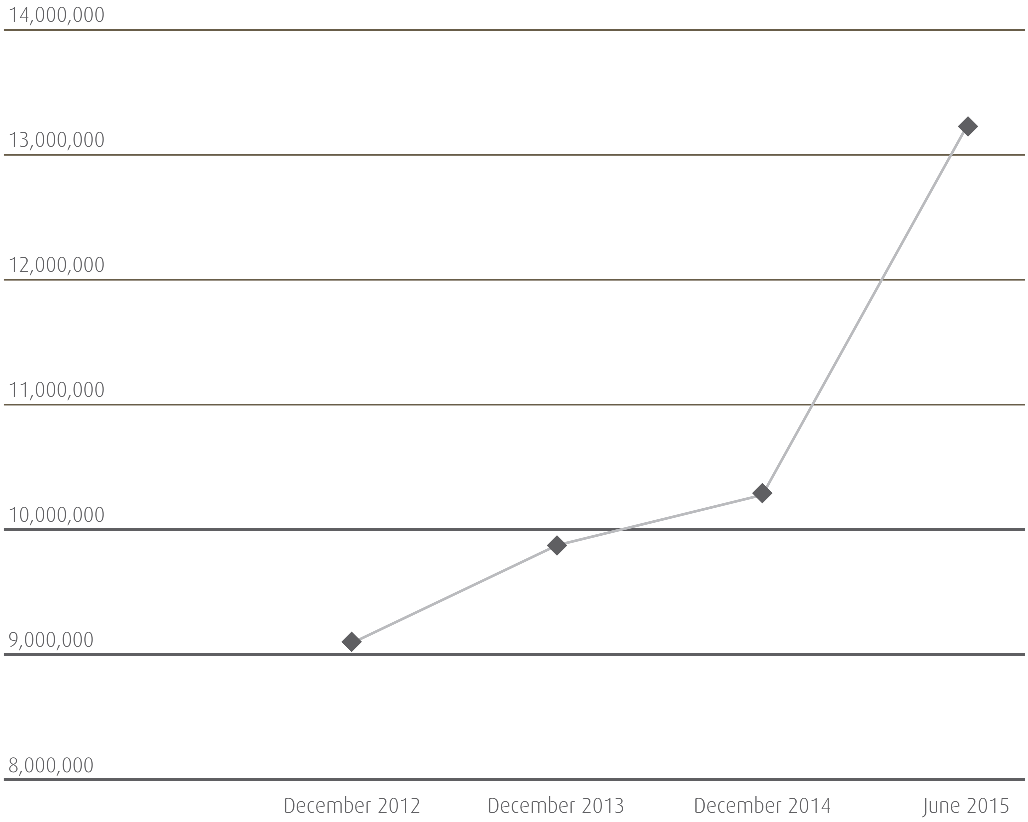
Real Estate Funds



Luxembourg-based Sicav fund



Total Group Assets



OWN SHARES AND SHARE PRICE PERFORMANCE

Own shares

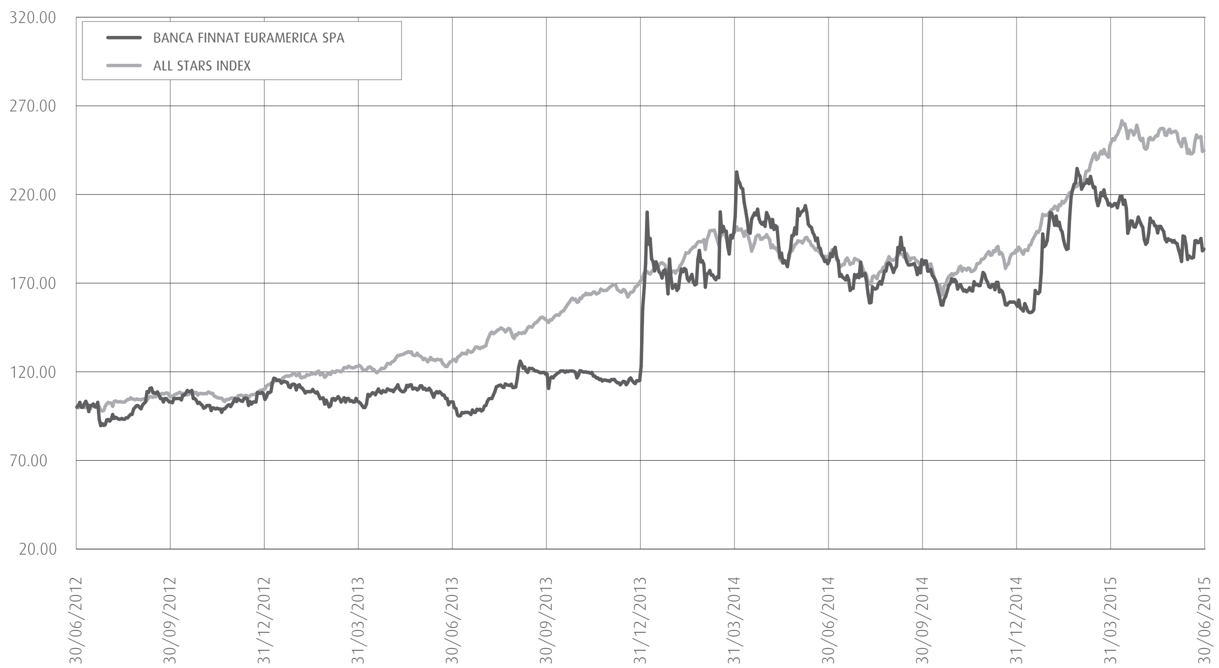
At 30 June 2015, the Bank holds 26,160,966 own shares, representing 7.2% of the share capital with a total value of 12,908 thousand euros. At the end of the past year, the Bank held 25,105,632 own shares with a value of 12,410 thousand euros.

During the financial year, the Bank purchased 1,055,334 shares with a total value of 498 thousand euros.

Share price performance

SHARES (in euros)	Market Price as at 21 July 2015	Market Price as at 30 June 2015	Market Price as at 31 March 2015	Market Price as at 31 December 2014	Market Price as at 30 September 2014	Market Price as at 30 June 2014
BFE	0.4980	0.4870	0.5490	0.4040	0.4699	0.4657

BANCA FINNAT SHARE PRICE PERFORMANCE AND COMPARISON WITH ALL STARS INDEX



BUSINESS BACKGROUND

Prior to presenting the Consolidated report on operations relating to the first half of 2015, following is an overview of the domestic and international macroeconomic background.

Domestic and international macroeconomic background

At the start of the year, the decline in the price of oil, the devaluation of the Euro and the drop in bond yields were important stimulus factors for a convincing recovery of economic growth in the Eurozone. Against the backdrop of an economic environment that was already progressively improving, the programme of acquisition of Government securities, launched in March by the Eurosystem, was thus devised not just for the purposes of an incremental change in inflation expectations but also to contain financing costs in the peripheral Eurozone countries with the greatest public finance imbalances, in order to make it easier to implement deficit-containment measures; to compress Government bond yields, in order to improve credit supply conditions for households and businesses; to raise the value of financial assets, in order to generate positive repercussions on the private sector's spending capacity. Hence, the ECB's historic decision to start, albeit with considerable delay relative to the other Central Banks, along the quantitative easing path, suddenly also engendered significant consequences in terms of monetary policy, for example inducing the Swiss Central Bank to abandon the peg with the Euro, followed by a wide and sudden appreciation of the Swiss currency both relative to the common European currency and to the US Dollar, but also inducing 20 Central Banks around the world further to cut their official reference rates. Moreover, the process, already clearly visible since the start of the second half of 2014, of a drastic drop in the yields of European Government securities, further intensified, even on medium and long term maturities, with 30% of the government debt in the Eurozone reaching negative yields in the first quarter of 2015. Interest rates on ten-year benchmarks thus declined, in the first quarter 2015, from 1.88% to 1.085% for the Italian paper and from 0.54% to 0.049% for the German. A central factor appeared to be the drop in "global" inflation expectations, due mostly to the collapse in energy prices. The Euro/US Dollar exchange rate was also affected by the quantitative easing programme in the first quarter, with the common European currency dropping from 1.23 Dollars per Euro, as the average value in December 2014, to 1.08 as the average value in March 2015 (-12.2%). In the first quarter, the economy's responses to the stimuli provided were satisfactory, all in all.

In Europe, the leading indicators of the manufacturing activity continued to express growing values, albeit, in many cases, below the values reached at the start of 2014, with Gross Domestic Product increases confirming a generalised recovery. Thus, the aggregate economy of the Eurozone recorded, at the end of the first quarter, quarterly growth of 0.4% and annual growth of 1%; in Germany, the quarterly growth was 0.3% and the annual growth 1.1%; in France, quarterly growth amounted to 0.6% and annual growth to 0.8%; Italy's performance was weaker, although it grew as well, by 0.3% for the quarter and 0.2% for the year, interrupting a long unfavourable phase. Our domestic demand, net of inventories, contributed positively to the GDP by 0.2 percentage points (+0.3 points for gross fixed investments, -0.1 private consumption and no contribution at all from public consumption), the change in inventory contributed with 0.5 percentage points while the contribution of net foreign demand was negative by 0.4 points. Outside the Euro area, growth was experienced by the economies of China (+7%), India (+7.5%), Japan (+3.9% year on year) and Great Britain (+2.9%), while the United States contracted (-0.2% year on year) and Brazil was in a full-fledged recession (-1.2%) as was Russia (-1.9%). However, with the end of the first quarter, the change in inflation expectations, induced by the quantitative easing itself, but also strong speculative pressures generated by the interest rates, which in many cases have become negative on the short-medium segment of the curve for European Government bonds, suddenly caused strong upward pressures on bond yields, clashing against the need to maintain a prolonged period of low interest rates according to expectations brought about by the implementation of the currently ongoing quantitative easing. Thus, bond yields suddenly and unexpectedly rose again in the second quarter. Yields on the German ten-year bond rose from an absolute record low of 0.049% to 1%; yields on the Italian ten-year bond more than doubled (from 1.085% to 2.3%); the issuing cost for Italian paper, from the late March/early April to the June auctions, rose from 0.89% to 1.76% for 7-year BTPs, from 1.64% to 2.77% for 15-year BTPs, from 1.34% to 2.35% for ten-year BTPs and from 1.86% to 3.36% for thirty-year issues. During the second quarter, the exchange rate also ceased to function as a stimulus factor, with the Euro appreciating by nearly 9% relative to the US Dollar, mainly as a result of the postponement of the expected timing of the Fed's first interest rate increase.

It can definitely be stated that the second quarter, with the sudden increases in exchange and interest rates, was characterised by the quantitative easing's manifest failure to serve as a flywheel for economic stimulus.
As to the inflation and employment environments, the quantitative easing programme, implemented by the ECB, was definitely able substantially to change inflationary expectations in the Eurozone, with consumer prices growing by 0.2% year on year in June, after the deflationary trend that seemed to be looming in early 2015, when consumer prices had contracted by 0.6% year on year. In the USA, headline inflation appears to be zero, with an annual progression to 1.7% for core prices net of food and petroleum products. However, the improvement in the Eurozone's economic environment has not yet yielded any improvements in the employment picture, with unemployment remaining at 11.1% (and youth unemployment at 22.3%), 12.4% in Italy (40.9% youth unemployment), 23.2% in Spain (55% youth unemployment), 10.3% in France (24% youth unemployment). Only Germany (4.7%) and Austria (5.3%) have their unemployment rate at the level of the United States, where it is limited to 5.3% of the workforce. With regard to the Italian economy, while the main macroeconomic data such as revenues, industrial production and industrial orders are not providing any compelling sign of actual structural improvement, nonetheless positive signals are starting to emerge for the new issues of bank loans, with loans to businesses growing by 11.6% in the first five months of 2015 compared to the same period of the previous year. For new loan issues for property purchases, the annual increase was 64%, whilst new consumer credit transactions rose by 11%. In terms of interest rates applied to customers, the weighted average rate on total loans to households and non financial entities reached its record low of 3.44% in May 2015, with the average rate on new loans for property purchases at 2.68% (the lowest value since September 2010) and the average rate on new loans to businesses at 2.1% (the lowest value since May 2010). However, at present the risk associated with loans remains problematic, as a result of the persistent dragging effect of the recession, which the country is laboriously trying to leave behind. In April 2015, total non-performing loans almost reached 200 million euros, i.e. 10% of all loans (the highest value of the past twenty years); this value reached 16.9% for businesses (14.2% a year before) and 7.2% for households (6.5% in April 2014). With regard to non-performing loans after impairments, they amount to 4.56% of total loans and to 20.3% of the total capital and reserves of the banking system.

With respect to Monetary Policies and Conditions, there is confirmation that the quantitative easing programme, set up by the European Central Bank, will continue, with monthly purchases of 60 billion euros and for a total amount of approximately 1.140 billion euros, through September 2016 or otherwise until there is a durable adjustment to inflation, consistent with the return to price stability. As a result of these interventions, the balance of the Eurosystem is bound to return to the record highs reached in the first half of 2012. The purchases of Italian Government bonds will be in the order of 150 billion euros, of which over 130 will be carried out by the Bank of Italy and the rest by the ECB. As to the expectations concerning the US monetary policy, the FED has adopted a prudent attitude on the times for the normalisation of its official rates, partly by virtue of the strengthened Dollar, which acts as a deflationary factor; however, a possible interest rate hike, the first one in nine years, could yet take place in the final part of 2015. Based on the evolution of interest rates and exchange rates, in April 2015 the monetary conditions of the Eurozone reached a negative differential of 0.71 percentage points compared to the USA.

The financial markets

During the first quarter of 2015, stock indexes in the Eurozone widely benefited from the positive expectations induced by the programme for the purchase of Government securities devised by the ECB. A precise negative correlation emerged between financial instruments, which enabled stock markets positively to exploit the drop in bond yields and the shift in exchange rate levels. Thus the EuroStoxx 50 index, representing the major equities of the Euro area, recorded a positive performance of 17.5% in the first quarter; the German market's DAX index grew by 22%; the French market's CAC 40 index rose by 17.8% and the domestic stock index FtseMib by 21.8%. Subsequently, in the second quarter the tensions that emerged on bond yields, the repositioning of the exchange rate and the renewed fears concerning Greece's solvency, caused unexpected price corrections by nearly 7% for the EuroStoxx 50, by 8% for the German DAX, by 4% for the French CAC and by slightly over 2% for the domestic index FtseMib. At the end of the first half of 2015, the performance of the main stock market indexes in the Eurozone thus remained broadly satisfactory but reduced to 9.75% for the EuroStoxx 50, to 12.3% for the DAX, to 13.14% for the CAC and to 19% for the domestic index FtseMib. With regard to the other major geographic areas, during the half the US stock market reached record highs for the S&P 500 index, thanks to the bounce of the energy sector, to the good news contained in the quarterly reports and to the support provided by the Federal Reserve, although performance from the start of the year remained flat (+0.36%), while the emerging markets' total return in US Dollar terms was limited to 4.3%. On the Asian markets, the Shanghai stock market index gained 32.2% since the start of the year (after reaching a performance of 60% in early June); Hong Kong's Hang Seng index increased by 11.2% whilst the Japanese Nikkei 225 provided a return of 16%.

In relation to bond markets, in the first part of 2015, they benefited by the generalised slowdown in inflation worldwide, which convinced investors about the possibility of a "structural" decline in yields. In the Euro area, the implementation of the quantitative easing compressed the yields of Government and corporate bond, both in core and in peripheral markets. The average yield of Eurozone Government bonds at maturity declined to 0.538% and 30% of European Government bonds reached negative yields. Until mid-April, the curve of German rates was negative up to the 7-year maturity, whereas for the first quarter the yields of countries like France, Sweden, the Netherlands, Switzerland and Japan were negative for up to 5 years. From the second quarter onwards, global Government security markets recorded one of the worst declines ever, because of a mix of technical factors and fundamentals that drove yields upwards on both sides of the

Atlantic. The Bloomberg Eurozone Sovereign Bond Index, which until 15 April had recorded a performance of 4.6%, subsequently had the sharpest drop since 2012, ending with a negative return of 0.6%. The correction occurred in a context characterised by the trend reversal of consumer prices and by intensifying fears for the excessive valuations reached by bonds. The rush to sell was then amplified by the poor liquidity of the secondary market. Rates have now returned above zero from five years upwards and, in spite of the ongoing quantitative easing, in the course of the past four months, the entire rate curve translated up, with the yields of Italian paper rising from 0.18% to 0.4% for two-year BTPs; from 0.54% to 1.2% for five-year BTPs; from 1.3% to 2.3% for ten-year BTPs and from 2.27% to 3.26% for thirty-year BTPs.

In the secondary market for Government securities, in March 2015 the so-called "*Rendistato*" index, based on a sample of securities with a residual maturity of more than one year, traded on the Italian Stock Exchange (MOT), dropped to its record low of 0.9% and then climbed back to 1.26% in May 2015, 99 basis points below the value of May 2014. In May 2015, the gross yield of CCT bonds on the secondary market was 0.44% (1.21% in May 2014) whilst the average yield of BTPs in April 2015 was 1.75% (2.8% in May 2014).

On commodities markets, crude oil prices succeeded in bouncing back from the minimum levels reached in January and grew by 10% since the start of the year during the first half. Industrial metals could not depart from their negative territory (aluminium and copper lost 8%, palladium 15.6%), as a result of the still anaemic Chinese demand, negatively affected by a slow-down in new construction, both of real estate and of infrastructure, and by the strength of the US Dollar. Gold is still not the target of investors' interest, in spite of the Greek uncertainty (-1.13% from the start of the year), because of the contraction in Chinese physical demand and the expectations of the restriction of the US monetary policy which served as a deterrent against purchases.

All agricultural raw materials had negative performance, under the pressure of the negative projections of the US Department of Agriculture, which forecast excessive supply. Corn lost 3%, wheat 1.31%, soy 2%, while cotton gained 9.1%. Imported products were highly negative, with sugar prices recording a marked decline, by 16.74%, and coffee dropping by 21.49%.

As to currency markets, in early 2015 they experienced abrupt changes, some of which were altogether unexpected. The Swiss Franc appreciated sizeably, both relative to the Euro and to the US Dollar, following the SNB's decision to forgo the peg with the Euro, letting it fluctuate again. The Euro moved downwards relative to major currencies, boosted by the launch of the QE programme and by the sales effected by Central Banks, whose Euro reserves declined from 28% in 2009 to 22% (the lowest level in the last 13 years). Conversely, the US Dollar gained strength, as it had in the second half of 2014 already, with a proportion of global reserve in Dollars approaching 63% (the highest levels since 2009). The change was so accentuated as to induce the FED to be prudent in assessing the most appropriate moment to start normalising its monetary policy. After an average appreciation of 14% in the October 2014 - March 2015 time interval, the FED officially placed the Dollar under observation in view of the consequences that a further excessive revaluation of the US currency could have on the performance of exports and Gross Domestic Product. In March, the previous appreciation of the US currency had already caused the trade deficit to grow by 43% (the highest level in six years), inducing the market to expect a fairly significant reduction in the probabilities of a rise in US rates in the immediate future. At the end of the half-year and compared to the values of the start of 2015, the Euro declined by 9.1% relative to the US Dollar, by 6.95% relative to the Japanese Yen, by 9.8% relative to the British Pound and 13.36% relative to the Swiss Franc.

The property market in the first half of 2015

In the first half of 2015, the Italian property market confirmed the slightly positive trend that had characterised it in 2014, although the expected strengthening of the recovery did not take place and the performance of the sector resemble a cyclical bounce, rather than an actual recovery of the market. Property demand exhibits different trends, both within individual segments and among different regions.

While the demand for property purchases was deemed mostly stable, as yet there is no definite recovery in sight for offices and shops. The positive trend recorded is not only due to the slight improvement of the economic environment, but also to other important factors. First, the growing interest manifested by investors, mainly foreign ones, who completed significant transactions on different sectors, choosing mostly high quality properties, initially in primary locations and subsequently also in secondary ones. Second, the easier credit access conditions have enabled households, on one hand, to access the mortgage market more readily and, on the other hand, to raise the portion of the borrowed amount relative to the value of the property. Third, a historically low level of interest rates. Fourth and last, a contraction in average sale prices, in some cases particularly significant, in others levelled, on average, with the opportunities offered by the market. The contraction, in any case, is waning.

An important engine of this recovery has been provided by real estate funds, both worldwide and in Italy. In 2014, Italian real estate funds exceeded fifty billion Euros of assets, increasing by 11.5% from the previous year.

According to CBRE, while the volume of property investments in the first quarter of 2015 contracted by approximately -24% relative to the previous quarter (i.e. approximately 2.5 billion euros), the portion of capital investment, which is close to 2 billion euros, represents a 70% increase compared to the quarterly average of the last 4 years. Overall, the invested capital with foreign origin accounts for approximately 90% of the quarterly total, of which 57% originated in Qatar, followed by the United States with 32%.

The increase in the volume of investments was partly affected by the property portfolio transactions, which represented 24% of total volume (down by 56% relative to the previous quarter due to the gradual depletion of the product on the market). The property transactions on individual assets, carried out mainly by owner occupiers and by developers, were a greater influence on the growth of the total quarterly volume, although the average size is relatively small (the quarterly average was approximately 28 million euros).

Investors' interest is mainly addressed to the office sector, still larger than the retail sector, with 35% of the total volume of investments of the 1st quarter of 2015 almost entirely concentrated in Milan which is thus confirmed as the most important Italian city.

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SUMMARY OF CONSOLIDATED RESULTS

Consolidated net profit in the first six months of 2015 was 4.136 thousand euros versus 2.190 thousand euros in the same period of the previous year (+89%).

The result of the period in question also benefited from the contributions of the two companies (Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A.) absorbed by the subsidiary Investire SGR S.p.A., with effect from 1 January 2015.

The main items that form the 2015 half-year results are shown below and compared with the corresponding 2014 figures:

- **Earnings margin** totalled 30.937 thousand euros, versus 21.284 thousand euros in the first half of 2014. The overall increase of 9.653 thousand euros (+45%) may be broken down as follows:
  increases
  - 10.438 thousand euros for net commissions (21.591 thousand euros in the first half of 2015, compared to 11.153 thousand euros in the corresponding period of 2014). Of the increase, 8.792 thousand euros were due to the subsidiary Investire SGR S.p.A. as a result of the merger by absorption;
  - 208 thousand euros for dividends and similar income (1.766 thousand euros in the first half of 2015, compared to 1.558 thousand euros in the same period of 2014);
  - 3.565 thousand euros for profit from the sale of available-for-sale securities (5.005 thousand euros in the first half of 2015, compared to 1.440 thousand euros in the same period of 2014);

  decreases
  - 2.012 thousand euros for interest margin (4.995 thousand euros in the first half of 2015, compared to 7.007 thousand euros in the same period of 2014);
  - 2.546 thousand euros for net income from trading activities (negative by 2.420 thousand euros in the first half of 2015, positive by 126 thousand euros in the same period of 2014). The amount referred to the first half of 2014 included 1.815 thousand euros for positive margins on derivatives representing greenhouse gas emissions allowances.

- **Value adjustments for impairment** amount to 1.488 thousand euros at 30 June 2015, compared to 834 thousand euros in the corresponding period of 2014. In the current period the adjustments relate to “Receivables” (1.279 thousand euros) and to “Available-for-sale financial assets” (209 thousand euros).

- **Administrative expenses** amount to 24.377 thousand euros at 30 June 2015, compared to 17.186 thousand euros in the same period of 2014, up by a total amount of 7.191 thousand euros, mainly to be attributed to the costs referred to the subsidiary Investire SGR S.p.A. as a result of the merger by absorption. The breakdown of administrative expenses is as follows:
  - staff costs, which total 15.069 thousand euros, grew by 4.404 thousand euros compared to the same period of last year (10.665 thousand euros);
  - other administrative expenses, totalling 9.308 thousand euros, increased by 2.787 thousand euros compared to the same period of the previous year (6.521 thousand euros).

- **Other operating income/expenses** show a balance of 2.092 thousand euros versus 1.027 thousand euros at 30 June 2014. In the first half of 2014 the item included the negative result of 877 thousand euros referred to the trading of certificates representing greenhouse gas emissions allowances.

- **Income taxes** at 30 June 2015 amount to 1.409 thousand euros compared to 1.708 thousand euros at 30 June 2014.

* * *

The price of the London Stock Exchange Group plc. shares at 30 June 2015 rose by 6.7% compared with the same data at 31 December 2014. This increase - together with the exchange rate effect - entailed a 2.151 thousand euros increase in the "Valuation reserve" referring to no. 1.023.900 shares owned by the Bank at that date and recorded under "Available-for-sale financial assets". 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".

GROUP BUSINESS SEGMENTS

Following is an overview of the Bank and Group activities carried out in the first half of 2015:

Investment Banking

The bank's **Assets under Management** products ended the first half with performance levels that, on the products with the higher risk profile, are quite good, both in absolute terms and relative to the benchmarks. For pure bond products, instead, because of the low interest rate, as well as of the turbulence on Government bonds linked to the well known events involving Greece, the performance levels were negative, albeit marginally so.
In this favourable context, there were positive deposits both on Asset management accounts and on Funds. It is worth noting that the New Millennium SICAV funds were among the first, and for two months also the only funds, to be listed on the new segment of the Italian Stock Exchange dedicated to the trading of Open-end Funds. This circumstance afforded a great deal of visibility both to the SICAV and to the Bank. In the last weeks of the half-year, the deposits from this new, innovative segment also intensified, exceeding 25 million euros.

Also encouraging are the data pertaining to **brokerage**: the recovery in revenues, which had been glimpsed last year after several years of progressive, constant contractions appears to be consolidating. Growth appears to be mostly concentrated on equities (both Italian and foreign) and it is mainly due to the positive performance of the markets that somehow encourages trading activities and hence the increase in volumes. However, the customer base, including both individuals and institutional investors, also expanded.

The commissions linked to services performed to listed issuers continue to grow and represent an increasingly significant quantity in the income statement: the Bank's leadership as a specialist on the AIM segment was confirmed. Among the additional services to issuers from this year was added the "Appointed broker", a mandatory position for funds listed on the aforementioned segment of the Italian Stock Exchange: naturally, the Bank's first customer was the New Millennium SICAV; but the service was offered to a very many counterparties and it is operational already with a second mandate; in addition negotiations are underway with other UCIs that are starting the listing process.

Another recently launched project, currently undergoing consolidation, is that of remunerated **Advisory** services: the new "Finnat Advisory" account now has nearly 201 customers with assets exceeding 226 million euros.

The contribution tied to the management of the **property** portfolio, which had recorded significant gains mostly last year as a result of the sharp drop in yields, decreased. Therefore, when the Greek tensions were taking place, a temporary rise in yields was recorded and, on some Italian Government bond in the portfolio, it generated, when marked to market, small capital losses, subsequently recovered.
In addition, the misalignments between the returns from Repos and those of the Securities to which they pertain are decreasing.

Advisory & Corporate Finance

The Bank provides corporate finance consulting services and assistance to private and public companies, with a special focus on medium-sized companies, through its Advisory & Corporate Finance department. In the first six months of 2015, the team dedicated to this activity continued to develop its operational effectiveness with particular attention paid to forms of alternative finance such as the capital market or the so-called minibonds.

With regard to the Advisory activities, of note is the acquisition of the following mandates during the first half of 2015: an assignment for renegotiating the repayment schedule and the economic conditions of a mortgage of a company owning a series of properties, mainly located in Rome; an assignment for financial assistance directed at identifying parties interested in acquiring a set of receivables claimed by a Hospitalisation and Treatment Institution with respect to the Public Administration; an assignment for a company active in the credit sector for assistance in issuing debt instruments in the form of bills of exchange; an assignment for financial assistance for the preliminary study relating to a listing operation on AIM Italia and the verification of its overall conditions for a company active in the performance of health care services supplementing and complementing the national health service; an assignment for financial assistance for the preliminary study relating to a listing operation on the AIM Italia and the verification of its overall conditions for a company active in the study, research and implementation of programmes relating to forms of health care; an assignment for the listing on AIM Italia of a SICAF, an investment company with fixed capital, for assistance in activities directed at organising, managing and carrying out the placement.

Moreover, in the first six months of 2015 the following transactions were completed successfully: i) the listing of Mondo Tv Suisse within which Banca Finnat served as Nominated Adviser. The transaction was preceded by consulting activity for the feasibility study of the transaction; ii) the listing of Elettra Investimenti S.p.A., for which Banca Finnat served as Global Coordinator for assistance in the activities directed at organising, managing and executing the reserved placement of shares in support of the listing; iii) assistance for a primary Italian SGR for the preparation of the economic and financial plan of a project for university residences and for the independent analysis of the business plan; iv) assistance to the promoter company involved in the construction of a service infrastructure and of tourist attractions (including an aquarium), within the scope of a project development in the city of Rome, directed at negotiation with credit institutions to obtain the financing necessary to complete the project.

Moreover, in the first half of 2015, the on-going Nomad activity for some companies listed on the AIM continued.

Commercial Division

In the first half of 2015, the plan to hire professionals able to expand the customer base and contribute complementary experiences and competencies continued to be implemented.
Asset management services for customers was particularly satisfactory with regard to the performance of both assets under management and assets under advice. The portfolios benefited from the positive phase of both stock and bond markets in the first part of the half-year and, thanks to the great diversification and to the use of flexible management forms, the period of higher volatility of the second part of the half-year was overcome satisfactorily.

The implementation of the sophisticated remunerated consultancy model launched in the second half of last year met with wide success both with new customers and with existing ones. The systems for

monitoring the portfolios and the services offered to customers were integrated and improved, in order to assure that customer are provided with constant supervision and punctual assistance.
Customisation is the keystone value of Banca Finnat's service model and technological solutions were implemented in this half-year as well, through the customisation of the commercial agenda, which strengthen the supervision of each individual customer. The technological instruments available to consultants are differentiated in the competitive context to be devoid of selling actions and patterned according to aspects directed at improving the quality of the relationship between consultant and customer.
Commercial activities directed at developing the advisory and corporate finance activities were intensified both by organising events and through a structured process of approaching the world of start-ups. For these entities, which are typically the creations of young entrepreneurs, we have initiated marketing activities and offered dedicated services.

As regards marketing activities, the Bank has carried out a wide range of initiatives: more than two events per months were organised in all.

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

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

Mortgage loans and financing
In the first half of 2015, the Service performed the ordinary activities aimed at granting loans and monitoring existing credit lines, with thorough analyses of credit ratings and assessments of the guarantees provided.

Property Fund Management
As a result of the merger with Polaris Real Estate SGR and Beni Stabili Gestioni SGR the assets managed by Investire SGR S.p.A. grew until it reached, at 30 June 2015, a total value of approximately 6.1 billion euros of property assets.

The new post-merger corporate structure entails the division into three business lines referred to the main markets on which the three SGRs were leaders before the merger: development and social housing, listed and specialist funds (retail, distressed assets, health care), long term and residential funds intended for institutional investors.

In particular, in the Long Term & Residential business line, whose AUM at 30 June 2015 was approximately equal to 3.3 billion euros, the usual management and development activities continued. For the FIP Fund, an important disposal of five income-generating properties was completed, with a total amount of approximately 220 million euros for the transaction. The Pegasus fund acquired a property in Turin, to be used as a telephone exchange, with a value of approximately 33 million euros. Funds comprising mainly residential properties continued with fractioned disposal (Helios) and lease management (Apple and INPGI).

The Development & Social Housing business line continued to search for new initiatives on Social Housing funds under management, mainly in Veneto, Emilia Romagna and Lombardia. For the FIL Comparto Uno Fund, four new initiatives were acquired and construction work was completed for the Figino (MI) initiative. For the HS-Italia Centrale Fund, requalification work was completed for Palazzo Sgariglia (contributed by the Municipality of Ascoli Piceno). Work was completed on the property of the HS Cascina Merlata Fund, delivered in time to be leased as a guesthouse for the foreign delegation attending EXPO Milan 2015. To date, the total amount of Assets Under Management (AUM) of this business line is approximately 1.3 billion euros.

The Specialist Market business line, whose AUM as at 30 June 2015 amounted approximately to 1.5 billion euros, continued the disposal and acquisition activities. In particular for the Securfondo Fund, a free-standing building and a property portion were sold for a price of approximately 11 million euros, the Melograno Fund sold a property portion for 2.2 million euros while for the IRS Fund, the sale of a property for 34 million euros is being completed. In the second half of the year, the IREF Fund will be liquidated through two sales (one relating to the property in Ferrara and one relating to the remaining assets). For the Spazio Sanità Fund, the acquisition is expected by the month of July of an RSA located in Milan for a value of 14 million euros, while marketing activities continue for the distressed asset funds (Securis I, II, III). In addition, for the Securis II, the contribution of 24 properties for approximately 10 million euros is expected by the month of July. Within the scope of distressed asset funds, moreover, authorisation was obtained for a new fund that by the end of the year will acquire a first tranche of property assets.

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

Research & Development

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

Organisation Area

- The revision of the procedures for managing orders to the primary market was completed, with the adoption of a dedicated web interface;
- Company rules (Policies, Regulations and processes) were updated and supplemented according to the indications and in compliance with the deadlines imposed by the 15th revision, of July 2013, of Bank of Italy Circular no. 263;
- The preliminary assessment process pertaining to the brokerage platform in use was completed and the definitive project for the adoption of a new application was launched;
- The activity for the adoption of ATM cards with the new e-commerce enabled chip was completed.

IT and Technologies Area

- Technological and net infrastructure enhancement initiatives were carried out.
- The security certificates of the electronic mail service were renewed for the 2015/2017 two year time interval.

- A new mobile telephony contract was signed with the renewal of the telephone equipment.
- Software update for the telephone exchange and all fixed equipment.
- The Wi-Fi connection of the Milan offices was activated.

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

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

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

The governance principles of Banca Finnat Euramerica, besides being grounded in the applicable laws and regulations in force in Italy, are also inspired by international best practices on the matter and by the recommendations of the Corporate Governance Code for Listed Companies.
The Board of Directors filled out a specific Questionnaire for its own Self-Assessment and it preventively identified the composition of the Governing Body that is deemed optimal in qualitative and quantitative terms, in view of the proper and most effective performance of the duties of the Board, in accordance with the prescriptions of the Bank of Italy's Instruction of 11 January 2012 on organisation and corporate governance.
The results of the analysis carried out are illustrated in the document entitled "Qualitative and quantitative composition of the Board of Directors", also examined by the Appointments Committee to identify the theoretical profile that candidates to the office of Director should match, as a result of the self-assessment performed by the Board. This self-assessment was updated, after preparing a new questionnaire, on 28 April 2015.

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

Having regard to the legal obligations set out in the regulation concerning prudential requirements, Banca Finnat Group prepared and delivered the ICAAP report for 2014. The preparation of these documents, regulated by internal procedures and carried out by the Group's competent bodies and structures, is the last stage in the much broader and ongoing self-assessment process regarding capital adequacy, and its compliance with the Group's operational features and the environment in which it operates. With regard to the calculation of the equity ratios, and the related quantification of the capital absorption, the Bank carried out, with reference to the data as at 30 June 2015, stress tests on the credit risk, concentration risk and interest rate risk. The results of the analysis are evaluated by the Board of Directors.
Based on the Supervisory provisions, the Bank is constantly monitoring its liquidity risk, according to the method formalised in a dedicated document containing the guidelines on Liquidity Risk Governance and Management.

The Members of the Board of Directors - including 4 Independent Directors - and of the Board of Statutory Auditors, whose term of office will expire at the approval of the financial statements at 31 December 2017, were elected by the Shareholder's Meeting of 28 April 2015.

With regard to the provisions of Article 36 of Italian Law Decree no. 201 of 6 December 2011, amended and converted into Italian Law no. 214 of 22 December 2011 laying down "Urgent provisions for the growth, fairness and consolidation of public accounts", and the formalities required by the "Criteria for the enforcement of Article 36 of Italian Law Decree "Salva Italia" (the so-called "interlocking prohibition")", relating to company employees and the members of the BoD and Board of Statutory Auditors appointed at the Shareholders' Meeting of 26 April 2012, we have made the necessary assessments of compliance with the set forth criteria on 18 December 2014.
For the members of the new Board of Directors and of the new Board of Statutory Auditors, on 28 April 2015 the requirements prescribed by applicable regulations were verified.

On 28 April 2015, the Shareholders' Meeting authorised a new plan for the purchase, all at once or in multiple instalments, from 29 April 2015 and until 29 April 2016, of up to a revolving number of 5.000.000 ordinary own shares in addition to those already in the portfolio and, otherwise, for a maximum additional value of no more than 2.177.280 euros for a unit price, for each individual transaction, no higher or lower than by 8% with respect to the reference price recorded in the previous Stock Market session. In this regard, it is specified that, in line with the criteria prescribed by Delegated Regulation (EU) no. 241/2014, and in particular by the provisions of Article 29.3 thereof, the purpose of the operations pertaining to the purchase of new shares is to support trading (market making).

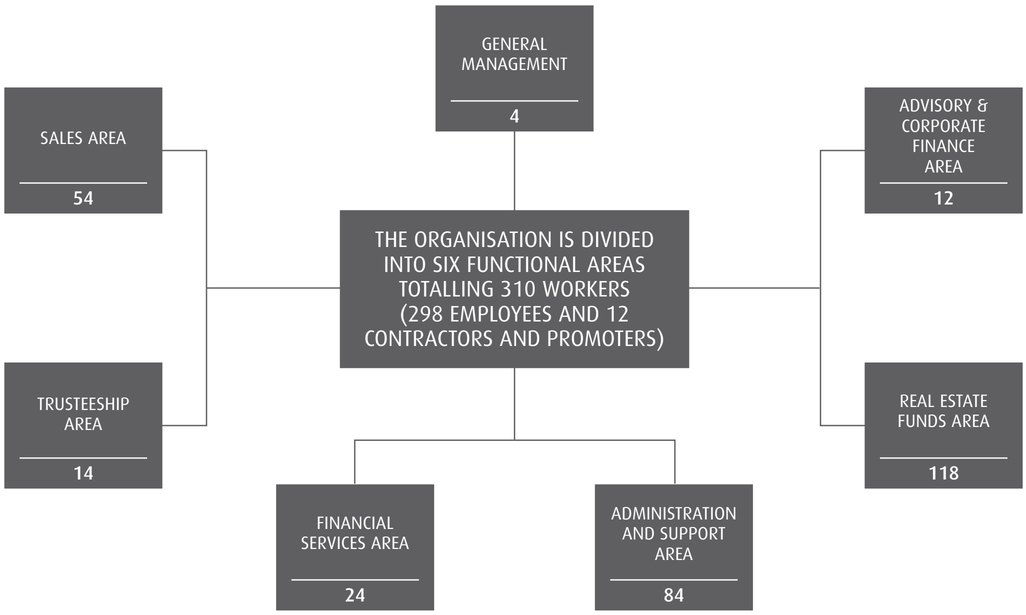
With a deed signed by the Notary Carlo Federico Tuccari, on 28 November 2014, the merger by absorption of the wholly owned subsidiaries, Finnat Investments S.p.A. and Finnat Real Estate S.r.l. into Banca Finnat Euramerica S.p.A., was formalised. The validity of the merger is retroactive at 1 January 2014.

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

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

THE STRUCTURE OF BANCA FINNAT AND OF THE COMPANIES OF THE GROUP

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 229 at 31 December 2014 to 310 at 30 June 2015 as shown in detail below:

	30.06.2015	31.12.2014
staff	**298**	**218**
– executives	45	32
– managers	119	87
– clerical workers	134	99
contractors	**9**	**8**
promoters	**3**	**3**
Total	**310**	**229**

The change consists almost exclusively of the increase in the workforce of Investire SGR S.p.A. as a result of the well-known merger.

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 this Regulation, the Board of Directors, on 18 December 2014, ascertained, as previously resolved in December 2012, the reduction of the credit lines to the company Unione Generale Immobiliare S.p.A. within the limits of the lower total amount of 15.395.000 euros until 31 December 2015.

The Bank also entered into transactions with subsidiary companies or companies subject to significant influence and ordinary transactions of lesser significance and under market conditions that have not impacted significantly on the financial position or results of operations of the company and moreover, in the first half of 2015, 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.

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 of the Parent Company as securities held for trading, totalling 1.590 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 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 30 June 2015, the Bank and Group – with the exception of the above mentioned investment – were not exposed to and/or did not hold an interest, either directly or through vehicle companies or other non-consolidated entities, in financial instruments or UCIs characterised by high-risk investments, such as: - SPEs (Special Purpose Entities) - CDOs (Collateralised Debt Obligations) – Other subprime exposures and Alt-A – CMBSs (Commercial Mortgage-Backed Securities) – Leveraged Finance;
- the Board of Directors of Banca Finnat Euramerica S.p.A., pursuant to Consob Resolution no. 18079 of 20 January 2012, decided, on 21 January 2013, to comply with the simplification system set forth in

Articles 70 (paragraph 8) and 71 (paragraph 1-bis) of the Regulations adopted by Consob with Resolution no. 11971 of 14 May 1999 as amended and supplemented, by making use of the right, of listed companies, to depart from the obligation to submit the information documents required by Annexe 3B of the Consob Regulation relating to future significant extraordinary operations such as mergers, demergers, capital increase by non-cash contributions, acquisitions and sales;

- with reference to the requests made jointly by the Bank of Italy, Consob and Isvap in their Document no. 2 dated 6 February 2009 and subsequent Document no. 4 dated 4 March 2010 and the provisions of paragraphs 15 and 25 of IAS 1, regarding disclosures to be made of audit considerations in respect of going concern assumptions, the commentary provided in the Notes to the 2014 Financial Statements is confirmed;
- 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.

INFORMATION ON STOCK OPTION PLANS

As illustrated in the most significant events of the half-year, the stock option plan is no longer valid because the conditions for exercising the options did not materialise. Therefore the related reserve allocated until 31 December 2014 and amounting to 998 thousand euros is available and it may be transferred to “Extraordinary reserve” on the occasion of the next General Meeting of the Bank’s shareholders.

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.

CONSOLIDATED OWN FUNDS AND CAPITAL RATIOS

The Regulatory Capital is determined based on the harmonised regulations for 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 regulations, the Bank of Italy issued, on 17 December 2013, Circular no. 285 "Prudential Supervision Provisions for Banks".

Own funds at 30 June 2015 amount to 141.442 thousand euros (137.087 thousand euros at 31 December 2014), whereas the Total capital ratio stands at 26.4% (29.8% at 31 December 2014) versus the 8% minimum requirement set forth in the current regulations for Credit Institutions.

PERFORMANCE OF SUBSIDIARIES

Investire SGR S.p.A.

The company, based in Rome, was incorporated on 4 February 2002 and authorised by the Bank of Italy on 9 May 2002. Its purpose is to establish and manage real estate funds.
On 29 December 2014, with the filing of the merger deed with the competent Registers of Companies, the merger by absorption of Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. into Investire Immobiliare SGR S.p.A. was completed. The merger, with effect from 1 January 2015 for accounting and fiscal purposes, is described in detail in the paragraph "Main transactions in the half-year" of this Report.
As a result of this transaction, the share capital was increased from 8.600.000 euros to 14.770.000 euros and the company is owned by Banca Finnat Euramerica, with 50.16%, by Beni Stabili Siiq, with 17.90%, by Regia S.r.l. (G.Benetton Group) with 11.64%, by Fondazione Cariplo with 8.65%, by Cassa Italiana di Previdenza e Assistenza Geometri with 7.72%, by ICCREA Holding with 2.38% and by Fondazione Cassa dei Risparmi di Forlì with 1.55%.
Since 1 June 2015, the company has also changed its name to Investire SGR S.p.A.
At 30 June 2015, the company managed 35 real estate funds, with the GAV of the managed assets totalling 6.774 million euros, compared to 4.131 million euros at 31 December 2014.
The half year statements at 30 June 2015 show a profit of 2.742 thousand euros versus 1.383 thousand euros at 30 June 2014, and a book value of net equity of 67.739 thousand euros compared to 15.149 thousand euros at 31 December 2014. In the first half of 2015, the company realised total commission revenues of 13.872 thousand euros versus 5.047 thousand euros in the first half of 2014.

Finnat Fiduciaria S.p.A.

The company – incorporated in accordance with Italian Law no. 1966 of 23 November 1939 – is based in Rome and operates as an equity and security trust company. It has a share capital of 1.500.000 euros held entirely by Banca Finnat Euramerica S.p.A.
At 30 June 2015, assets under management totalled 1.274 million euros, versus 1.301 million euros at 31 December 2014.
The half year statements at 30 June 2015 show a profit of 39 thousand euros compared to 116 thousand euros at 30 June 2014. In the first half of 2015, the company realised commission revenues of 777 thousand euros. At 30 June 2015, the company had a net equity of 2.252 thousand euros, versus 2.787 thousand euros at 31 December 2014.

Fedra Fiduciaria S.p.A.

The company, incorporated in accordance with Italian Law no. 1966 of 23 November 1939, is based in Rome and operates as an equity and security trust company. It was authorised with Ministry of Industry Decree of 7 February 1988. The share capital of 120.000 euros is wholly held by the Bank.

The half year statements at 30 June 2015 show a profit of 1 thousand euros compared to 28 thousand euros at 30 June 2014.

The book value of net equity, at 30 June 2015, amounted to 326 thousand euros, compared to 425 thousand euros at 31 December 2014. At 30 June 2015, assets under management totalled 82 million euros, unchanged from 31 December 2014.

Finnat Gestioni S.A.

The company, established on 10 April 2008, is based in Lugano and provides financial management and consulting services including, in particular, asset and portfolio management services.

The Bank holds a 70% stake in the company's share capital, which amounts to CHF 750.000, while the remaining stake is held by Banca per la Svizzera Italiana. Managed assets at 30 June 2015 totalled CHF 97 million, compared to CHF 107 million at 31 December 2014.

The book value of net equity at 30 June 2015 amounted to CHF 1.885 thousand, compared to CHF 1.627 thousand at 31 December 2014.

The half year statements at 30 June 2015 show a significant increase in profit, which rose from CHF 119 thousand at 30 June 2014 to CHF 258 thousand at 30 June 2015.

In the half-year in question, the company realised commission revenues of CHF 453 thousand euros, versus CHF 315 thousand in the first half of 2014 (+44%).

KEY BALANCE SHEET AND INCOME STATEMENT FIGURES

Following is an overview of the key balance sheet and income statement figures at 30 June 2015, compared with those at 31 December 2014 in the case of the balance sheet, and at 30 June 2014 in the case of the income statement.

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

CONSOLIDATED BALANCE SHEET

(in thousands of euros)

	30.06.2015	31.12.2014	Absolute change
ASSETS			
Cash and cash equivalents	412	665	(253)
Financial assets held for trading	31,565	106,246	(74,681)
Available-for-sale financial assets	879,442	790,205	89,237
Financial assets held to maturity	1,939	2,319	(380)
Due from banks	80,310	76,020	4,290
Due from customers	346,132	289,483	56,649
Equity investments	10,372	10,822	(450)
Tangible assets	5,392	5,207	185
Intangible assets	42,208	4,190	38,018
Tax assets	8,943	5,492	3,451
Other assets	23,788	14,486	9,302
TOTAL ASSETS	**1,430,503**	**1,305,135**	**125,368**
LIABILITIES AND NET EQUITY			
Due to banks	20,903	97,204	(76,301)
Due to customers	1,108,346	937,095	171,251
Outstanding securities	26,971	46,958	(19,987)
Financial liabilities held for trading	2,693	2,359	334
Tax liabilities	4,242	4,303	(61)
Other liabilities	18,262	18,702	(440)
Staff severance fund	4,484	3,993	491
Net equity of minority interests	34,282	3,436	30,846
Group net equity	210,320	191,085	19,235
TOTAL LIABILITIES AND NET EQUITY	**1,430,503**	**1,305,135**	**125,368**

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	1st half 2015	1st half 2014	Absolute change	Percent change
Interest margin	**4,995**	**7,007**	**(2,012)**	**-29%**
Net Commissions	**21,591**	**11,153**	**10,438**	**94%**
Dividends and similar income	1,766	1,558	208	
Net income from trading activities	(2,420)	126	(2,546)	
Net profit (loss) from the transfer or the repurchase of:				
- available-for-sale financial assets	5,005	1,440	3,565	
Earnings margin	**30,937**	**21,284**	**9,653**	**45%**
Value adjustment for impairment	(1,488)	(834)	(654)	
Net income from financial operations	**29,449**	**20,450**	**8,999**	**44%**
Staff costs	(15,069)	(10,665)	(4,404)	
Other administrative expenses	(9,308)	(6,521)	(2,787)	
Value adjustments on tangible and intangible assets	(293)	(252)	(41)	
Other operating income/expenses	2,092	1,027	1,065	
Operating costs	**(22,578)**	**(16,411)**	**(6,167)**	**38%**
Profit (loss) from equity investments	**91**	**165**	**(74)**	
Pre-tax income (loss) from current operations	**6,962**	**4,204**	**2,758**	**66%**
Income tax for the year on current operations	(1,409)	(1,708)	299	
Income (loss) from current operations after tax	**5,553**	**2,496**	**3,057**	**122%**
Profit (loss) of minority interests	(1,417)	(306)	(1,111)	
Net profit (loss) for the year pertaining to the Parent Company	**4,136**	**2,190**	**1,946**	**89%**

Following are a series of Group operating ratios.

	1st half 2015 %	1st half 2014 %
Interest margin/earnings margin	16.15	32.92
Net commissions/earnings margin	69.79	52.40
Cost/income ratio (operating costs/earnings margin)	72.98	77.10
ROE (profit for the year/net equity)	1.97	1.18
ROA (profit for the year/total assets)	0.29	0.16

GROUP NET EQUITY AND RECONCILIATION BETWEEN THE PARENT COMPANY'S AND THE GROUP'S NET EQUITY AND RESULTS

Group net equity

The Group's net equity at 30 June 2015, including the profit for the period, totalled 210,320 thousand euros and changed as follows:

Trend in Group Net Equity

(in thousands of euros)

Net Equity as at 31 December 2014	**191,085**
Dividend distribution	(3,629)
Change in valuation reserves	564
Changes in other reserves	18,662
Changes for purchase of own shares	(498)
Profit (loss) in the period	4,136
Net equity as at 30 June 2015	**210,320**

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 30 June 2015	**236,514**	**5,049**
Results of subsidiaries as per the statutory financial statements:		
- fully consolidated companies	1,586	1,586
- valued by equity method	(777)	91
Amortisation of positive differences:		
- previous years	(984)	
Surplus over the book value related to:		
- fully consolidated companies	24,777	
Elimination of dividends	(413)	(2,618)
Other consolidation adjustments:	(50,383)	28
Balance resulting from the consolidated financial statements of the Group at 30 June 2015	**210,320**	**4,136**

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

The main transactions and significant subsequent events in the half-year

Concerning the main transactions and most significant events in the period, it should be pointed out that:

- with effective date of 1 January 2015 for both accounting and tax purposes, the merger by absorption of Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. into Investire Immobiliare SGR S.p.A. was completed Following the execution of the merger, the subsidiary Investire Immobiliare SGR S.p.A. proceeded to:
  - increase its share capital from a nominal amount of 8,600 thousand euros to a nominal 14,770 thousand euros by issuing 6,170 new ordinary shares with the nominal value of 1,000 euros each, assigned, based on the swap values, to the shareholders of the absorbed companies, with 3,524 shares assigned to the shareholders of Beni Stabili Gestioni in the ratio of one new share for every 4.77 old shares held, and 2,646 shares assigned to Polaris shareholders in the ratio of one new share for every 60.70 old shares held;
  - issue equity instruments - called Class A, B, B2 and C warrants - giving their holders particular ownership rights, excluded from the swap values. These instruments were assigned, free of charge, to the pre-merger shareholders of the companies participating in the transaction, in a one-for-one ratio, as follows:
    - 8,600 “Class A Warrants” assigned to the shareholders of Investire Immobiliare;
    - 3,524 “Class B Warrants” and 3,524 “Class B2 Warrants” assigned to the shareholders of Beni Stabili Gestioni;
    - 2,646 “Class C Warrants” assigned to the shareholders of Polaris.

    The ownership rights attributed to the A, B and C Warrants pertain to a percentage of management and/or success commissions realised and referred to determined investments, while the ownership rights attributed to the B2 Warrants pertain to the portion of receivables and UCI recognisable among the assets of Beni Stabili Gestioni SGR S.p.A.

  As a result of this business combination, the absorbing entity is therefore owned by Banca Finnat Euramerica, with 50.16%, by Beni Stabili Siiq, with 17.90%, by Regia S.r.l. (G.Benetton Group) with 11.64%, by Fondazione Cariplo with 8.65%, by Cassa Italiana di Previdenza e Assistenza Geometri with 7.72%, by ICCREA Holding with 2.38% and by Fondazione Cassa dei Risparmi di Forlì with 1.55%.

  Therefore, at 1 January 2015 the Bank held:
  - 7,409 shares of Investire SGR S.p.A. (representing 50.16% of share capital), of which 6,880 shares already held before the merger and 529 shares deriving from the swap of the 2,523 Beni Stabili Gestioni shares held by the Bank before the merger;
  - 6,880 “Class A Warrants”, 529 “Class B Warrants” and 529 “Class B2 Warrants”. These Warrants are included in the value of the equity investment in Investire SGR S.p.A.;
- on 12 March 2015 the Board of Directors of the Bank verified, according to the Stock Options regulations of the Banca Finnat Group, that the conditions for exercising the options had not been met, inasmuch as the specific target tied to Group EBITDA. Therefore, the Stock Option Plan is void;
- on 20 April 2015 the Board of Directors of the Bank decided - after the successful completion of the due diligence process - to submit a binding bid to Banca Carige for the purchase of the entire share capital of Banca Cesare Point. The acquisition of Banca Cesare Point, specialised in the private banking sector

and operating mainly in Northern Italy would have enabled the Parent Bank to become one of the leading operators in the private banking sector; on 30 June 2015 the Board of Directors of Banca Carige decided not to proceed with the sale of Banca Cesare Ponti, and consequently it decided not to accept the bid submitted by Banca Finnat;

- on 28 April 2015 the Shareholders' Meeting of the subsidiary Investire Immobiliare SGR S.p.A. voted, inter alia, to change its name to "Investire SGR S.p.A.", with effect from 1 June 2015;
- on 28 April 2015, the Shareholders' Meeting of the Bank:
  - approved the financial statements at 31 December 2014 and the distribution, to the Shareholders, of a gross dividend of 0.010 euro per share, due for payment from 20 May 2015 (coupon date: 18 May 2015);
  - appointed the Directors and Statutory Auditors for the 2015-2017 period;
  - repealed in advance the previous resolution for the purchase of own shares, valid until 28 April 2015, and authorised the BoD to vest the requisite powers in one of the directors, or the General Manager, to purchase – in one or more instalments, between 29 April 2015 and 29 April 2016 – up to a revolving maximum of 5,000,000 ordinary own shares, in addition to those already held, and, in any case, for a total additional sum of no more than 2,177,280 euros;
  - approved the Remuneration Report prepared in pursuance of Article 123-ter of Italian Legislative Decree 58/98;
- on 28 April 2015, the Bank's Board of Directors appointed Mr. Giampietro Nattino as Chairman, Mr. Leonardo Buonvino as Deputy Chairman and Mr. Arturo Nattino as Managing Director. The Board also appointed the members of the Remuneration Committee, of the Risk Committee, of the Appointment Committee and the Supervisory Body, as well as director Marco Tofanelli as Lead Independent Director;
- on 25 May 2015, with the filing in the Register of Companies of the resolution of the extraordinary shareholders' meeting of the company of 21 April 2015, the name of the associated company Beni Stabili Property Service S.p.A. was changed to Revalo S.p.A.
- on 17 June 2015, the Court of Rome held the first hearing pertaining to the dispute involving the complain filed by the subsidiary Investire SGR against the Luxembourg company Fivestars SA and against the sole shareholder KTS Kensington Square Trust Sarl for the restitution of the amounts paid to the Revenue Agency as a result of the claims and assessments on the withholding taxes due on the income distributed to the company Fivestars as unit holder of the FIP fund. The judge, upon acknowledging the parties' request, adjourned the hearing to 16 November 2015. The amount of the indemnity recognised by the Bank to the subsidiary in view of the guarantee provided at the merger (2,489 thousand euros) shall be repaid by the latter in the amount recognised by the court.

Significant events occurring after the end of the half-year period

In the period spanning from the end of the first six months, at 30 June 2015, to the date when this report was prepared, no significant events or factors that could affect the financial and equity position, or results of operations of the Group emerged.

Operating outlook

The forecast increase of the profit at 31 December 2015 compared to the previous year is confirmed.

CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2014

(in thousands of euros)

	Asset items	30.06.2015	31.12.2014
10.	Cash and cash equivalents	412	665
20.	Financial assets held for trading	31,565	106,246
40.	Available-for-sale financial assets	879,442	790,205
50.	Financial assets held to maturity	1,939	2,319
60.	Due from banks	80,310	76,020
70.	Due from customers	346,132	289,483
100.	Equity investments	10,372	10,822
120.	Tangible assets	5,392	5,207
130.	Intangible assets	42,208	4,190
	of which:		
	- goodwill	37,729	300
140.	Tax assets	8,943	5,492
	a) current	2,100	2,115
	b) advance	6,843	3,377
	of which in Italian Law 214/2011	2,117	2,221
160.	Other assets	23,788	14,486
	Total assets	**1,430,503**	**1,305,135**

	Liabilities and net equity	30.06.2015	31.12.2014
10.	Due to banks	20,903	97,204
20.	Due to customers	1,108,346	937,095
30.	Outstanding securities	26,971	46,958
40.	Financial liabilities held for trading	2,693	2,359
80.	Tax liabilities	4,242	4,303
	a) current	591	452
	b) deferred	3,651	3,851
100.	Other liabilities	18,262	18,702
110.	Staff severance fund	4,484	3,993
140.	Valuation reserves	29,263	28,699
170.	Reserves	117,253	97,972
190.	Share capital	72,576	72,576
200.	Own shares (-)	(12,908)	(12,410)
210.	Net equity of minority interests (+/-)	34,282	3,436
220.	Profit (Loss) for the year (+/-)	4,136	4,248
	Total liabilities and net equity	**1,430,503**	**1,305,135**

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	Items	1st half 2015	1st half 2014
10.	Interest income and similar income	6,101	9,418
20.	Interest expense and similar expense	(1,106)	(2,411)
30.	**Interest margin**	**4,995**	**7,007**
40.	Commission income	22,625	12,146
50.	Commission expense	(1,034)	(993)
60.	**Net Commissions**	**21,591**	**11,153**
70.	Dividends and similar income	1,766	1,558
80.	Net income from trading activities	(2,420)	126
100.	Profit (loss) from the transfer or the repurchase of:		
	b) available-for-sale financial assets	5,005	1,440
120.	**Earnings margin**	**30,937**	**21,284**
130.	Net value adjustments/write-backs for impairment of:		
	a) receivables	(1,279)	(834)
	b) available-for-sale financial assets	(209)	–
140.	**Net income from financial operations**	**29,449**	**20,450**
180.	Administrative expenses:		
	a) staff costs	(15,069)	(10,665)
	b) other administrative expenses	(9,308)	(6,521)
200.	Net value adjustments/write-backs on tangible assets	(232)	(215)
210.	Net value adjustments/write-backs on intangible assets	(61)	(37)
220.	Other operating income/expenses	2,092	1,027
230.	**Operating costs**	**(22,578)**	**(16,411)**
240.	Profit (loss) from equity investments	91	165
280.	**Pre-tax income (loss) from current operations**	**6,962**	**4,204**
290.	Income tax for the year on current operations	(1,409)	(1,708)
300.	**Income (loss) from current operations after tax**	**5,553**	**2,496**
320.	**Profit (loss) for the year**	**5,553**	**2,496**
330.	Profit (loss) for the year for minority interests	(1,417)	(306)
340.	**Net profit (loss) for the year pertaining to the Parent Company**	**4,136**	**2,190**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)

	Items	Period 1st half 2015	Period 1st half 2014
10.	**Profit (loss) for the year**	**5,553**	**2,496**
	Other income items after tax without reallocation to income statement		
40.	Defined-benefit plans	167	(143)
60.	Share of valuation reserves of equity investments valued by equity method	(128)	97
	Other income items after tax with reallocation to income statement		
100.	Available-for-sale financial assets	(1,552)	5,435
130.	**Total other income items after tax**	**(1,513)**	**5,389**
140.	**Comprehensive income (Item 10+130)**	**4,040**	**7,885**
150.	Consolidated comprehensive income pertaining to minority interests	(660)	310
160.	**Consolidated comprehensive income pertaining to the Parent Company**	**4,700**	**7,575**

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY AT 30 JUNE 2015

(in thousands of euros)

	Total net equity at 31.12.2014	Changes in opening balances	Total net equity at 01.01.2015	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:	**101,024**	**–**	**101,024**	**1,355**	**–**
a) profit	89,633		89,633	1,440	
b) other	11,391		11,391	(85)	–
Valuation reserves	**28,347**		**28,347**	**–**	**–**
Capital instruments	**–**		**–**	**–**	**–**
Own shares	**(12,410)**		**(12,410)**	**–**	**–**
Net Profit (Loss) for the year	**4,984**		**4,984**	**(1,355)**	**(3,629)**
Total net equity	**194,521**	**–**	**194,521**	**–**	**(3,629)**
of which: Group net equity	**191,085**	**–**	**191,085**	**–**	**(3,629)**
of which: Minority interests	**3,436**	**–**	**3,436**	**–**	**–**

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY AT 30 JUNE 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	**–**		**–**	**–**	**–**
Own 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**		

Changes during the year									Net equity at 30.06.2015		
	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 30.06.2015	Total	Group	Minority interests
–	–	–	–	–	–	–	–	–	**72,576**	**72,576**	–
–	–	–	–	–	–	–	–	–	72,576	72,576	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
50,168	–	–	–	–	–	–	–	–	**152,547**	**117,253**	**35,294**
3,641	–	–		–	–	–	–	–	94,714	87,315	7,399
46,527	–	–	–	–	–	–	–	–	57,833	29,938	27,895
–	–	–	–	–	–	–	–	**(1,513)**	**26,834**	**29,263**	**(2,429)**
–	–	–	–	–	–	–	–	–	–	–	–
–	–	**(498)**	–	–	–	–	–	–	**(12,908)**	**(12,908)**	
–	–	–	–	–	–	–	–	**5,553**	**5,553**	**4,136**	**1,417**
50,168	–	**(498)**	–	–	–	–	–	**4,040**	**244,602**	–	–
18,662	–	**(498)**	–	–	–	–	–	**4,700**	–	**210,320**	–
31,506	–	–	–	–	–	–	–	**(660)**	–	–	**34,282**

Changes during the year								Net equity as at 30.06.2014		
	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 30.06.2014	Total	Group	Minority interests
–	–	–	–	–	–	–	–	**72,576**	**72,576**	–
–	–	–	–	–	–	–	–	72,576	72,576	–
–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–
(727)	–	–	–	–	–	**87**	–	**100,921**	**97,875**	**3,046**
(746)	–	–		–	–		–	89,109	86,087	3,022
19	–	–	–	–	–	87	–	11,812	11,788	24
–	–	–	–	–	–	–	**5,389**	**25,196**	**25,506**	**(310)**
–	–	–	–	–	–	–	–	–	–	–
–	–	**(60)**	–	–	–	–	–	**(12,019)**	**(12,019)**	
–	–	–	–	–	–	–	**2,496**	**2,496**	**2,190**	**306**
(727)	–	**(60)**	–	–	–	**87**	**7,885**	**189,170**		
15		**(60)**				**87**	**7,575**		**186,128**	
(742)							**310**			**3,042**

CONSOLIDATED STATEMENT OF CASH FLOWS (indirect method)

(in thousands of euros)

	Amount	
	30.06.2015	30.06.2014
A. OPERATING ACTIVITIES		
1. Management	**34,168**	**2,217**
- profit (loss) for the period (+/-)	4,136	2,190
- capital gains/losses on financial assets held for trading and on financial assets/liabilities carried at fair value (-/+)	(15)	(129)
- capital gains/losses on hedging assets (-/+)	–	–
- net value adjustments/write-backs for impairment (+/-)	1,488	834
- net value adjustments/write-backs on tangible and intangible fixed assets (+/-)	406	291
- net allocations to the provisions for risks and charges and other costs/revenues (+/-)	369	597
- net premiums not received (-)	–	–
- other insurance income/expenses not received (-/+)	–	–
- taxes, duties and tax credits not liquidated (+/-)	1,409	1,708
- net value adjustments/write-backs of disposal groups after tax (+/-)	–	–
- other adjustments (+/-)	26,375	(3,274)
2. Cash generated by/used in financial assets	**(87,172)**	**(266,702)**
- financial assets held for trading	74,696	27,245
- financial assets carried at fair value	–	–
- available-for-sale financial assets	(89,446)	(293,977)
- due from banks: on demand	(8,926)	8,074
- due from banks: other receivables	3,847	(19,977)
- due from customers	(57,928)	27,003
- other assets	(9,415)	(15,070)
3. Cash generated by/used in financial liabilities	**74,979**	**262,155**
- due to bank: on demand	(19,051)	10
- due to banks: other payables	(57,250)	93
- due to customers	171,251	245,538
- outstanding securities	(19,987)	5,378
- financial liabilities held for trading	334	105
- financial liabilities carried at fair value	–	–
- other liabilities	(318)	11,031
Cash generated by/used in operating activities	**21,975**	**(2,330)**

	Amount	
	30.06.2015	30.06.2014
B. INVESTING ACTIVITIES		
1. Cash generated by	**1,169**	**631**
- disposals of equity investments	–	–
- dividends received on equity investments	789	631
- disposal of financial assets held to maturity	380	–
- disposals of tangible assets	–	–
- disposals of intangible assets	–	–
- disposals of subsidiaries and business units	–	–
2. Cash used in	**(38,496)**	**(193)**
- purchases of equity investments	–	–
- purchases of financial assets held to maturity	–	(28)
- purchases of tangible assets	(417)	(122)
- purchases of intangible assets	(38,079)	(43)
- purchases of subsidiaries and business units	–	–
Cash generated by/used in investing activities	**(37,327)**	**438**
C. FINANCING ACTIVITIES		
- issues/purchases of own shares	(498)	(60)
- issues/purchases of capital instruments	–	87
- dividend distribution and other purposes	15,597	1,771
Cash generated by/used in financing activities	**15,099**	**1,798**
CASH GENERATED/USED DURING THE YEAR	**(253)**	**(94)**

Key:
(+) generated
(-) used

RECONCILIATION	30.06.2015	30.06.2014
ITEMS		
Cash and cash equivalents at the beginning of the period	665	739
Total net cash generated/used during the year	(253)	(94)
Cash and cash equivalents: effect of exchange rate changes	–	–
Cash and cash equivalents at the end of the year	412	645

NOTES TO THE FINANCIAL STATEMENTS

The sections applicable to the Group are shown below.

Part A – Accounting policies

A.1 – General information

Section 1 -Statement of compliance with international accounting standards

Section 2 -General financial reporting principles

Section 3 -Scope and methods of consolidation

Section 4 -Subsequent events

Section 5 -Other information

A.2 – Information on the main financial statement items

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

A.4 – Information on fair value

Part B – Information on the consolidated balance sheet

ASSETS

Section 1 -Cash and cash equivalents – Item 10

Section 2 -Financial assets held for trading – Item 20

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

Section 5 -Financial assets held to maturity – Item 50

Section 6 -Due from banks – Item 60

Section 7 -Due from customers – Item 70

Section 10 -Equity investments – Item 100

Section 12 -Tangible assets – Item 120

Section 13 -Intangible assets – Item 130

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

Section 16 -Other assets – Item 160

LIABILITIES

Section 1 -Due to banks – Item 10

Section 2 -Due to customers – Item 20

Section 3 -Outstanding securities – Item 30

Section 4 -Financial liabilities held for trading – Item 40

Section 8 -Tax liabilities – Item 80

Section 10 -Other liabilities – Item 100

Section 11 -Staff severance fund – Item 110

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

Section 16 -Net equity of minority interests – Item 210

Part A – Accounting policies

A.1 – General information

Section 1 – Statement of compliance with international accounting standards

The Condensed consolidated financial statements at 30 June 2015 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 30 June 2015, in accordance with the procedures laid down in EC Regulation no. 1606/02.

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

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

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

Section 2 – General financial reporting principles

In accordance with the requirements jointly issued by the Bank of Italy, Consob and Isvap no. 2 of 6 February 2009 and paragraphs 25 and 26 of IAS 1, the Directors of the Bank have taken into account with the utmost caution and attention – for the purpose of preparing the Condensed consolidated half-yearly 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 Group's consolidated half-yearly financial statements as at 30 June 2015 have been prepared in the condensed format, consistently with IAS 34 on "Interim Financial Reporting". These financial statements, therefore, do not contain all the information required of the annual financial statements and should be examined jointly with the financial statements at 31 December 2014, also prepared in accordance with the IFRS standards issued by the International Accounting Standards Board (IASB) and approved by the European Commission pursuant to its regulation no. 1606/2002.

These Condensed consolidated half-yearly financial statements have been prepared, in part, by applying the provisions laid down by Circular 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.

These Condensed consolidated half-yearly financial statements comprise:

- Consolidated balance sheet;
- Consolidated income statement;
- Consolidated statement of comprehensive income;
- Consolidated statement of changes in net equity;
- Consolidated statement of cash flow;
- Notes to the Financial Statements.

In accordance with IAS 34, the half-yearly data consolidated at 30 June 2015 have been compared with the corresponding balance sheet and income statement. In particular, while the Balance Sheet has been compared with the figures at 31 December 2014, the Income Statement and the Statement of Comprehensive Income for the first half of 2015 have been compared with the figures for the corresponding period of the previous year.

In the Interim report on operations, in order to facilitate the comparison of figures from different periods, and provide a greater insight into the financial and operating situation, the half-yearly results are shown in a condensed format, which also requires certain items to be grouped together, where practicable.

The information on the profit or loss made in the half-year period by the Group, broken down by sector of activity (Part L – Segment Reporting) is further commented on and investigated in the Interim report on operations.

The Group's Condensed consolidated half-yearly financial statements was partially audited by Reconta Ernst & Young S.p.A.

The accounting principles applied to prepare these Condensed consolidated half-yearly financial statements are the same as those applied to prepare the consolidated financial statements for 2014, and the accounts on which the consolidation process was based are those prepared by the subsidiaries, at 30 June 2015, suitably adjusted, if necessary, to ensure uniformity with the Group's accounting principles and decisions.

These Condensed consolidated half-yearly financial statements have been prepared pursuant to IAS 1 Presentation of financial statements, based on the respect of such concepts as going concern, the accrual basis of accounting and the consistent presentation and classification of the relevant items. The assets and liabilities, income and expenses have not been offset, except where required or allowed by a principle or interpretation. The cost of inventory and of the financial instruments was calculated using the weighted average daily cost method, as required by IAS 2, paragraph 25.

Consistently with Article 5 of Legislative Decree 38 of 28 February 2005, the Condensed consolidated half-yearly financial statements were prepared using the Euro as the presentation currency. Regarding the contents of the tables, all figures are expressed in thousand euros, unless otherwise specified.

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 2015 onwards:

- Regulation no. 634/2014 – IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Regulation no. 1361/2014 – IFRS 2011-2013 annual improvements cycle.

The adoption of the above-mentioned Regulations did not impact these Condensed consolidated half-yearly financial statements.

It should also be noted that the following Regulations, applicable from 1 January 2016, have been approved:

- Regulation no. 28/2015 – IFRS 2010-2012 annual improvements cycle;
- Regulation no. 29/2015 – IAS 19 Defined Benefit Plans: Employee Contributions.

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

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 SGR S.p.A.	Rome	Rome	1	Banca Finnat	50.16	50.16
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.

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 condensed 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 and there are no jointly controlled entities.

The scope of consolidation has not changed compared to the financial statements for the year ended 31 December 2014. It should be taken into account, however, that with effective date of 1 January 2015 for both accounting and tax purposes, the subsidiary Investire SGR S.p.A. absorbed Beni Stabili Gestioni SGR S.p.A. and Polaris Real Estate SGR S.p.A. The Bank's shareholding in Investire 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 associated company, 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 30 June 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 associated companies is inferred 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 from the end of the first six months, at 30 June 2015, to the date on which these Condensed consolidated half-yearly financial statements were prepared, no significant events or factors that could affect the financial and equity position or results of operations of the Group emerged.

Section 5 – Other information

Information on risks and related hedging policies

Regarding the risks that can affect the management of the Finnat Group, and the monitoring systems put into place, to date, to strengthen the systems aimed at ensuring the full and effective protection of savers and investors, reference should be made to the in-depth exposition on the matter contained in the consolidated financial statements at 31 December 2014.

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 these Condensed consolidated half-yearly financial statements, the Bank and the other companies of the Group 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.

A.2 – Information on the main financial statement items

The main accounting standards adopted in preparing the Condensed consolidated half-yearly financial statements at 30 June 2015 remained unchanged with respect to those adopted for the financial statements at 31 December 2014 as concerns classification, measurement and write-off 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 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 more than 18 months.

If an available-for-sale financial asset suffers an impairment loss, the cumulated unrealised loss previously recorded in the net equity is reversed from the net equity and recognised in the income statement under item 130 "Net value adjustments/write-backs for the impairment of: b) available-for-sale financial assets".

If the circumstances that led to the recognition of an impairment loss cease to exist, following an event that is subsequent to the recognition of the impairment of value, a write-back is posted to the net equity, in the case of equities, and to the income statement, in the case debt securities and receivables. The write-back may not exceed the cost (amortised as applicable) that the financial instrument would have had in the absence of the previous adjustment.

Financial assets held to maturity

Classification criteria

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

Recognition criteria

Financial assets are recorded at the settlement date.

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

Measurement criteria

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

Derecognition criteria

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

Recognition criteria of income components

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

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

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

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

Receivables

Classification criteria

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

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

Recognition criteria

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

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

Valuation criteria of income statement items

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

In the case of short-term receivables, given that the effect of the amortisation is considered negligible, the costs and income directly related to the transactions are posted directly in the income statement.

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

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

- significant positions are subject to itemised valuation. A similar procedure is followed for non-performing loans that are individually deemed to be of a non-significant amount;
- classification within the anomalous loan classes specified by the current regulations issued by the Bank of Italy: non-performing loans, likely defaults (formerly, impaired loans) and past due receivables, is deemed to be objective impairment test evidence;
- 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 - starting on 1 January 2015 in accordance with the new classification established by Bank of Italy Circular no. 272/2008 (7th revision published on 20 January 2015) - are broken down as follows:

- 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;
- likely defaults (formerly, impaired loans) - these define the credit area that covers loan exposures, other than non-performing loans, for which the bank deems unlikely that, without initiating actions like the enforcement of guarantees, the debtor will completely fulfil its obligations (in terms of principle and/or interest);
- 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 have been past due for over 90 days and exceed a given materiality threshold.

Moreover, the Bank of Italy, with the aforesaid revision, also introduced the category of "forborne exposures".
This classification is applied to credit exposures for which changes to the contractual conditions or total or partial refinancing were allowed, because of the debtor's financial hardship, which may cause a loss for the lender.
These exposures are distinguished in forborne performing and forborne non-performing. The latter are represented as an "of which" sub-set of each of the three categories of impaired exposures and hence they do not constitute a separate category.

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 part-owned company. The pro quota share of the net income of the part-owned company is recorded under item 240 "Profit/loss from equity investments" of the income statement.

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 depreciation 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. Own 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, inasmuch as they were not measured.

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

Transfers between portfolios, in “rare circumstances”, as allowed 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.

At 30 June 2015, debt securities were repaid at maturity for a total nominal value of 1,600 thousand euros recorded, in 2008, in the “Financial assets held to maturity” portfolio.

The information requested by IFRS 7 is provided below.

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

Type of financial instrument	Source portfolio	Target portfolio	Book value at 30.06.2015	Fair value at 30.06.2015	Income components without the transfer (pre-tax)		Income components recorded for the year (pre-tax)	
					Items	Other	Items	Other
Debt securities	HFT	HTM	1,939	2,006	4	5	–	25
UCI units	HFT	AFS	1,614	1,614	–	–	–	–

A.4 Information on fair value

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.

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.

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

Assets/liabilities carried at fair value	30.06.2015			31.12.2014		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	26,167	4,846	552	103,050	2,659	537
2. Financial assets carried at fair value						
3. Available-for-sale financial assets	846,252	27,780	5,410	751,646	28,376	10,183
4. Hedging derivatives						
5. Tangible assets						
6. Intangible assets						
Total	**872,419**	**32,626**	**5,962**	**854,696**	**31,035**	**10,720**
1. Financial liabilities held for trading	142	2,551	–	3	2,356	–
2. Financial liabilities carried at fair value						
3. Hedging derivatives						
Total	**142**	**2,551**	**–**	**3**	**2,356**	**–**

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

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

Assets/Liabilities not carried at fair value or carried at fair value on a non-recurring basis	30.06.2015				31.12.2014			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets held to maturity	1,939	2,006			2,319	2,403		
2. Due from banks	80,310			80,310	76,020			76,020
3. Due from customers	346,132			348,375	289,483			291,868
4. Tangible assets held for investment								
5. Non-current assets and disposal groups								
Total	**428,381**	**2,006**	**–**	**428,685**	**367,822**	**2,403**	**–**	**367,888**
1. Due to banks	20,903			20,903	97,204			97,204
2. Due to customers	1,108,346			1,108,346	937,095			937,095
3. Outstanding securities	26,971			26,897	46,958			46,811
4. Liabilities associated to assets being disposed								
Total	**1,156,220**	**–**	**–**	**1,156,146**	**1,081,257**	**–**	**–**	**1,081,110**

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

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 30.06.2015	Total 31.12.2014
a) Cash	259	293
b) Demand deposits at central banks	153	372
Total	**412**	**665**

Section 2 – Financial assets held for trading – Item 20

2.1 Financial assets held for trading: breakdown by product

Items/Amounts	Total 30.06.2015			Total 31.12.2014		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	20,670	1,589	–	97,787	1,827	–
1.1 structured securities	–	–	–	–	–	–
1.2 other debt securities	20,670	1,589	–	97,787	1,827	–
2. Equity securities	1,455	–	2	1,594	–	–
3. UCI units	3,721	1,233	550	3,645	–	537
4. Loans	–	–	–	–	–	–
4.1 outstanding repos	–	–	–	–	–	–
4.2 other	–	–	–	–	–	–
Total A	**25,846**	**2,822**	**552**	**103,026**	**1,827**	**537**
B. Derivatives						
1. Financial derivatives:	321	2,024	–	24	832	–
1.1 held for trading	321	2,024	–	24	832	–
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	**321**	**2,024**	**–**	**24**	**832**	**–**
Total (A+B)	**26,167**	**4,846**	**552**	**103,050**	**2,659**	**537**

The financial assets held for trading, amounting to 31,565 thousand euros, refer exclusively to the Bank. Item "A.1. Debt securities" amounting to 22,259 thousand euros (99,614 thousand euros at 31 December 2014) consists of the following financial instruments:

- Level 1: Government bonds of 18,785 thousand euros and bonds of 1,885 thousand euros;

- Level 2: bonds of 1,589 thousand euros consisting solely of “FIP Funding Class A2”;

Item “A.3. UCI units” amounting to 5,504 thousand euros (4,182 thousand euros at 31 December 2014) includes in Level 1 Anthilia Capital Partners fund shares for a total amount of 3,211 thousand euros.

Item “B.1. Financial derivatives - Level 2” pertains almost exclusively to the positive valuation of currency forwards on behalf of customers.

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

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

Items/Amounts	Total 30.06.2015			Total 31.12.2014		
	L1	L2	L3	L1	L2	L3
1. Debt securities	798,849	–	–	710,277	–	–
1.1 structured securities	–	–	–	–	–	–
1.2 other debt securities	798,849	–	–	710,277	–	–
2. Equity securities	39,717	–	5,410	37,987	–	10,183
2.1 carried at fair value	39,717	–	–	37,987	–	–
2.2 carried at cost	–	–	5,410	–	–	10,183
3. UCI units	7,686	27,780	–	3,382	28,376	–
4. Loans	–	–	–	–	–	–
Total	**846,252**	**27,780**	**5,410**	**751,646**	**28,376**	**10,183**

Item 1 Debt securities - Level 1 - consists almost exclusively of securities held by the Bank issued by Central Administrations.

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

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

Item 3 UCI units - Level 2 refers exclusively to the Bank and comprises 223 units of Fondo Immobili Pubblici (FIP) for a total of 23,900 thousand euros.

Section 5 – Financial assets held to maturity – Item 50

5.1 Financial assets held to maturity: breakdown by product

	Total 30.06.2015				Total 31.12.2014			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	1,939	2,006	–	–	2,319	2,403	–	–
- structured	–							
- other	1,939	2,006			2,319	2,403		
2. Loans	–	–	–	–	–	–	–	–
Total	**1,939**	**2,006**	**–**	**–**	**2,319**	**2,403**	**–**	**–**

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, from the "Financial assets held for trading" portfolio.

Section 6 – Due from banks – Item 60

6.1 Due from banks: breakdown by product

Type of transaction/Amount	Total 2015				Total 2014			
	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	**80,310**				**76,020**			
1. Loans								
1.1 Current accounts and demand deposits	76,534	X	X	X	67,608	X	X	X
1.2 Fixed-term deposits	3,776	X	X	X	8,412	X	X	X
1.3 Other loans:	–	X	X	X	–	X	X	X
Outstanding repos	–	X	X	X	–	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	**80,310**			**80,310**	**76,020**			**76,020**

Key: FV = fair value - BV = book value

Item B.1.2. Fixed-term deposits referring exclusively to the Parent Company comprises the obligatory reserve deposited at the ICBPI (Istituto Centrale Banche Popolari Italiane) of 3,776 thousand euros (3,404 thousand euros at 31 December 2014).

Section 7 – Due from customers – Item 70

7.1 Due from customers: breakdown by product

Type of transaction/Amount	Total 30.06.2015						Total 31.12.2014					
	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	128,247		615	X	X	X	98,753		224	X	X	X
2. Outstanding repos	2,006		–	X	X	X	2,006		–	X	X	X
3. Mortgages	144,233		3,136	X	X	X	146,689		2,854	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	62,256		5,311	X	X	X	34,271		4,686	X	X	X
Debt securities							–	–	–			
8. Structured securities	–		–	X	X	X	–		–	X	X	X
9. Other debt securities	328		–	X	X	X	–		–	X	X	X
Total	**337,070**	**–**	**9,062**			**348,375**	**281,719**	**–**	**7,764**			**291,868**

The item "Due from customers" totals 346,132 thousand euros.

At the reporting date of these condensed half-yearly financial statements, the items relating to current accounts, mortgages and other loans include impaired assets relating to the Parent Company totalling 8,795 thousand euros (12,868 thousand euros including the write-downs), comprising:

- non-performing loans totalling 8,587 thousand euros before the write-downs (4,946 thousand euros after the write-downs) relating to the following positions:
  - 4,568 thousand euros (2,501 thousand euros after the write-downs) originated by the issue of mortgage for which, on 8 July 2011, the Bank invoked the termination clause contained in the agreement and required the repayment of the related amount. The transaction is secured by a first mortgage on property, the value of which – supported by an expert appraisal report revised on 1 December 2014 – covers the entire value of the net exposure. The Group to which the borrowing company belongs had submitted to the lender banks a restructuring plan pursuant to Article 67 of the Italian bankruptcy law, which was not successful because a limited number of banks failed to accept it, although most creditors had in fact consented. As a result, on 19 September 2014 the company, previously placed in liquidation, filed a petition for admission to composition with creditors with the Court of Rome. The recoverable amount of the credit is based on the assessed value of the 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;
  - 4,019 thousand euros (2,445 euros after the write-down) referring to trade receivables of 1,046 thousand euros and to cash loans of 2,973 thousand euros.

  The line-by-line write-downs made totalled 3,641 thousand euros including 2,939 thousand euros carried out in previous financial years and 702 thousand euros in the financial period under review. The write-downs applied until 31 December 2014 include 298 thousand euros referred to impaired loans transferred to non-performing loans in the half-year.

- likely defaults (formerly, impaired loans) totalling 1,573 thousand euros, including the write-downs (1,161 thousand euros without write-downs), comprising:
  - overdraft facilities amounting to 51 thousand euros,
  - mortgage positions of 1,233 thousand euros (308 thousand euros of overdue instalments and 925 thousand euros of principal about to fall due);
  - trade receivables of 289 thousand euros.

  The line-by-line write-downs made totalled 412 thousand euros including 409 thousand euros carried out in previous financial years and 3 thousand euros in the period under review. 298 thousand euros of write-downs made in previous years were transferred to the non-performing category, together with the reference receivables.
- other positions expired or past due for over 90 days totalling 870 thousand euros before the write-downs.

The "forborne" exposures are as follows:
- 6 non-performing positions, amounting to 1,838 thousand euros;
- 1 performing position, totalling 998 thousand euros.

As usual, at 30 June 2015, the Bank wrote down the performing cash loans on a collective basis by 359 thousand euros, based on the mean value of the historical series of the default rates of cash loans received from the Risk Centre.

In the first half of 2015, the Bank recorded 1,279 thousand euros in the income statement item "130 a) Net value adjustments for impairment of loans" (including collective adjustments of 359 thousand euros).

The accumulated value adjustments at the end of the period under review totalled 6,294 thousand euros, of which:
- 4,073 thousand euros, on an itemised basis;
- 2,221 thousand euros, for collective write-downs.

As regards the other companies of the Group, the subsidiaries Investire SGR S.p.A. and Finnat Fiduciaria S.p.A. recorded, for the relevant period, net value adjustments of 169 thousand euros and 1 thousand euros, respectively, while Fedra Fiduciaria S.p.A. recorded a write-back of 6 thousand euros.

The other debt securities pertaining to the Bank, amounting to 328 thousand euros (nominal value, 1,000 thousand euros) consist of Senior Fin.re SPV bonds issued within the securitisation of an unsecured non-performing loan.

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 subject to significant influence						
1. Prévira Invest Sim S.p.A.	Rome	Rome	Significant influence	Banca Finnat	20.00	
2. Sigefi Italia Private Equity S.p.A.	Milan	Milan	Significant influence	Banca Finnat	25.00	
3. Imprebanca S.p.A	Rome	Rome	Significant influence	Banca Finnat	20.00	
4. Revalo S.p.A.	Rome	Rome	Significant influence	Banca Finnat	36.00	

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

10.4 Partecipazioni non significative: informazioni contabili

Company name	Book value of the equity investments	Total assets	Total liabilities	Total revenues	Income (loss) from current operations after tax	Income (loss) from disposal groups 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	10,372	40,662	40,662	2,569	315	–	315	(13)	302

Dati riferiti alle ultime situazioni disponibili.

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

Section 12 – Tangible assets – Item 120

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

Assets/Amounts	Total 30.06.2015	Total 31.12.2014
1. Owned assets	**5,392**	**5,207**
a) land	1,308	1,308
b) buildings	2,630	2,714
c) furniture	862	743
d) electronic equipment	405	402
e) other	187	40
2 Assets acquired under finance lease	**–**	**–**
a) land	–	
b) buildings	–	
c) furniture	–	
d) electronic equipment	–	
e) other	–	
Total	**5,392**	**5,207**

Section 13 – Intangible assets – Item 130

13.1 Intangible assets: breakdown by asset

Assets/Amounts	Total 30.06.2015		Total 31.12.2014	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill:	**X**	**37,729**	**X**	**300**
A.1.1 pertaining to the Group	X	19,074	X	300
A.1.2 pertaining to minority interests	X	18,655	X	–
A.2 Other intangible assets	**715**	**3,764**	**126**	**3,764**
A.2.1 Assets carried at cost:	715	3,764	126	3,764
a) Intangible assets generated internally	–	–	–	–
b) Other assets	715	3,764	126	3,764
A.2.2 Assets carried at fair value:	–	–	–	–
a) Intangible assets generated internally	–	–	–	–
b) Other assets	–	–	–	–
Total	**715**	**41,493**	**126**	**4,064**

Item A.1 Goodwill equal to 37,729 thousand euros regards (300 thousand euros) 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. and (37,429 thousand euros) the goodwill recognised by the subsidiary Investire SGR S.p.A. as a result of the merger by absorption of Beni Stabili Gestioni SGR S.p.A. and Polaris SGR S.p.A.

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

- Finnat Fiduciaria S.p.A., 984 thousand euros;
- Investire SGR S.p.A., 1,693 thousand euros;
- Revalo S.p.A., 1,038 thousand euros.

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

Current tax assets total 2,100 thousand euros (2,115 thousand euros at 31 December 2014) and mainly concern Irap tax credits of 156 thousand euros, credits for the domestic consolidated tax system of 284 thousand euros and receivables for requested tax refunds of 1,581 thousand euros. This includes the amount of 1,227 thousand euros (of which 884 thousand euros referring to the Bank) deriving from the request for refund for the greater amount of Ires tax paid by the companies joining the domestic consolidated tax system during the financial years before 2012, in accordance with the provision of Article 6 of Italian Law Decree 185/2008 and of Article 2 of Italian Law Decree 201/2011, supplemented by Italian Law Decree 16/2012.

Current tax liabilities total 591 thousand euros (452 thousand euros at 31 December 2014) and mainly concern Irap tax payables of 167 thousand euros, VAT payables of 206 thousand euros, payables for assessments challenged by the Bank of 183 thousand euros, and other payables for the remainder.

14.1 Advance tax assets: breakdown

	Total 30.06.2015	Total 31.12.2014
a) Of which per Italian Law 214/2011	**2,117**	**2,221**
Goodwill	1,534	1,731
Write-down of receivables	583	490
b) Other	**4,726**	**1,156**
Write-down of securities	4,046	5
Write-down of receivables	300	258
Staff severance fund – IAS change	89	162
Administrative expenses	291	18
Other	–	713
Total	**6,843**	**3,377**

Advance taxes include the write-down of financial instruments in the portfolio of “Available-for-sale financial assets” and the amortisation of goodwill to be applied in upcoming years, until 2019. The 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 30.06.2015	Total 31.12.2014
Revaluation of securities	3,003	3,300
Allocation of merger difference on securities	40	40
Placement commissions	437	503
Other	171	8
Total	**3,651**	**3,851**

Advance and deferred taxes have been determined applying the Ires and, where applicable, Irap rates in force at the date of preparation of this Consolidated half-yearly financial report.

* * * * *

With regard to tax disputes, no changes were recorded from those illustrated in the 2014 Financial Statements.

Section 16 – Other assets – Item 160

16.1 Other assets: breakdown

	Total 30.06.2015	Total 31.12.2014
Receivables for guarantee deposits	539	392
Deposits with Cassa Compensazione e Garanzia	8,495	3,472
Due from counterparties and brokers	3,235	1,272
Tax credits as withholding tax	1,670	2,203
Sundry receivables	9,849	7,147
Total	**23,788**	**14,486**

LIABILITIES

Section 1 – Due to banks – Item 10

1.1 Due to banks: breakdown by product

Type of transactions/Group components	Total 30.06.2015	Total 31.12.2014
1. Due to Central Banks	**–**	**95,359**
2. Due to banks	**20,903**	**1,845**
2.1 Current accounts and demand deposits	20,886	1,835
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	17	10
Total	**20,903**	**97,204**
Fair value-level 1		
Fair value-level 2		
Fair value-level 3	**20,903**	**97,204**
Fair value	**20,903**	**97,204**

Item 1. Due to central banks at 31 December 2014 referred to the LTRO transaction expired in February 2015. 2.1 Current accounts and demand deposits comprise deposits with maturity 1 July 2015 amounting to 20,000 thousand euros.

Section 2 – Due to customers – Item 20

2.1 Due to customers: breakdown by product

Type of transactions/Group components	Total 30.06.2015	Total 31.12.2014
1. Current accounts and demand deposits	343,294	295,858
2. Fixed-term deposits	66,354	40,116
3. Loans	698,455	600,968
3.1 reverse repos	698,455	600,968
3.2 other	–	–
4. Amounts due under repurchase agreements of own equity instruments	–	–
5. Other payables	243	153
Total	**1,108,346**	**937,095**
Fair value-level 1		
Fair value-level 2		
Fair value-level 3	**1,108,346**	**937,095**
Total Fair value	**1,108,346**	**937,095**

Item 3.1 Reverse repos concerns exclusively the transactions carried out by the Bank with Cassa di Compensazione e Garanzia.

Section 3 – Outstanding securities – Item 30

3.1 Outstanding securities: breakdown by product

Type of securities/ Amount	Total 30.06.2015				Total 31.12.2014			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities	**26,971**	**–**	**–**	**26,897**	**46,958**	**–**	**–**	**46,811**
1. bonds	26,971	–	–	26,897	46,958	–	–	46,811
1.1 structured								
1.2 other	26,971			26,897	46,958			46,811
2. other securities	–	–	–	–	–	–	–	–
2.1 structured								
2.2 other	–			–				
Total	**26,971**	**–**	**–**	**26,897**	**46,958**	**–**	**–**	**46,811**

The bonds showed in the statement are those issued by the Bank and they include the accrued coupon. The amount is given minus the value of the securities held by the issuer, totalling a nominal value of 3,040 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 30.06.2015					Total 31.12.2014				
	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		**142**	**2,551**	**–**			**–**	**2,356**	**–**	
1. Financial derivatives		142	2,551	–			–	2,356	–	
1.1 Held for trading	X	142	2,551	–	X	X	–	2,356	–	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**	**142**	**2,551**	**–**	**X**	**X**	**–**	**2,356**	**–**	**X**
Total (A + B)	**X**	**142**	**2,551**	**–**	**X**	**X**	**3**	**2,356**	**–**	**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

The item, pertaining exclusively to the Bank, comprises (227 thousand euros) the fair value measurement of an Interest Rate Swap Amortising that represents a hedge of the interest rate risk and (2,324 thousand euros) the negative valuation of forward currency contracts.

Section 8 – Tax liabilities – Item 80

See Section 14 of the assets.

Section 10 – Other liabilities – Item 100

10.1 Other liabilities: breakdown

	Total 30.06.2015	Total 31.12.2014
Social security and insurance contributions to be paid	1,046	1,081
Payables to employees and contractors	2,946	1,464
Emoluments to be paid to the Directors	355	66
Emoluments to be paid to the Board of Statutory Auditors	238	302
Due to suppliers	1,733	869
Shareholders for dividends to be paid	1,052	914
Payables to brokers and institutional counterparties	1,492	6,371
Tax payables as withholding tax	2,921	2,925
Other payables	6,479	4,710
Total	**18,262**	**18,702**

Section 11 – Staff severance fund – Item 110

11.1 Staff severance fund: annual changes

	Total 30.06.2015	Total 31.12.2014
A. Opening balance	**3,993**	**3,580**
B. Increases	**932**	**1,181**
B.1 Allocation for the year	369	1,181
B.2 Other changes	563	
C. Decreases	**441**	**768**
C.1 Severance indemnities paid out	227	210
C.2 Other changes	214	558
D. Closing balance	**4,484**	**3,993**

Item B.1 Allocation for the year, includes the actuarial gains of 177 thousand euros (316 thousand euros in 2014) recognised as matching entry for the valuation reserves instead of the income statement, 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.

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

15.1 "Share capital" and "Own shares": breakdown

At 30 June 2015, 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 26,160,966 own shares, amounting to 7.2% of the share capital (25,105,632 at 31 December 2014).

In application of IAS 32 and of the provisions contained in Circular no. 262/2005, the own shares held by the Bank at 30 June 2015 were used to adjust the net equity by an amount of 12,908 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 (-)	(25,105,632)	
A.2 Outstanding shares: opening balance	**337,774,368**	
B. Increases	**–**	
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	–	
B.3 Other changes		
C. Decreases	**1,055,334**	
C.1 Cancellation		
C.2 Purchase of own shares	1,055,334	
C.3 Disposal of companies		
C.4 Other changes		
D. Outstanding shares: closing balance	**336,719,034**	
D.1 Own shares (+)	26,160,966	
D.2 Number of shares at the end of the year	362,880,000	
– fully paid-up	362,880,000	
– partly paid-up		

15.4 Retained earnings: additional information

The “Reserves” item amounts to 117,253 thousand euros (97,972 thousand euros at 31 December 2014) and is broken down as follows:

- retained earnings of the Bank:
  87,315 thousand euros consisting of the legal reserve of 8,936 thousand euros, extraordinary reserve of 56,282 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, reserve for own shares purchased of 12,908 thousand euros and the residual amount of reserve for purchase of own shares of 1,760 thousand euros;
- other reserves:
  29,938 thousand euros consisting of the reserve for the gains on the sale of own 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 30.06.2015	Total 31.12.2014
Equity investments in consolidated companies with significant interests in third parties	33,739	–
1. Investire SGR S.p.A.	33,739	–
Other equity investments	543	3,436
Total	**34,282**	**3,436**

As a result of the merger by absorption, with effect on 1 January 2015, of Investire SGR S.p.A. with Beni Stabili Gestioni SGR S.p.A. and Polaris RE S.p.A. the percentage of minority interests in Investire SGR S.p.A. rose from 20% to 49.84% (from 3,030 thousand euros to 33,739 thousand euros).

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 1st half 2015	Total 1st half 2014
1. Financial assets held for trading	202	–	–	202	1,439
2. Financial assets carried at fair value	–	–	–	–	–
3. Available-for-sale financial assets	2,647	–	–	2,647	4,322
4. Financial assets held to maturity	25	–	–	25	38
5. Due from banks	–	74	–	74	413
6. Due from customers	–	3,172	–	3,172	3,195
7. Hedging derivatives	X	X	–	–	–
8. Other assets	X	X	- 19	- 19	11
Total	**2,874**	**3,246**	**- 19**	**6,101**	**9,418**

1.4 Interest expense and similar expense: breakdown

Items/Categories	Payables	Securities	Other transactions	Total 1st half 2015	Total 1st half 2014
1. Due to Central Banks	16	X	–	16	112
2. Due to banks	9		8	17	6
3. Due to customers	981	X	–	981	2,131
4. Outstanding securities	X	92	–	92	162
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	**1,006**	**92**	**8**	**1,106**	**2,411**

The interest margin, referring almost exclusively to the Bank, amounts to 4,995 thousand euros versus 7,007 thousand euros for the same period of 2014. The decrease by 2,012 thousand euros is mainly due to the reduction in the yields of the loans, including those of the securities subject to repos.

Section 2 – Commissions – Items 40 and 50

2.1 Commission income: breakdown

Type of services/Amounts	Total 1st half 2015	Total 1st half 2014
a) guarantees given	62	53
b) credit derivatives	–	–
c) administration, brokerage and consultancy services:	22,033	11,683
1. trading in financial instruments	2,851	2,083
2. trading in currencies	–	–
3. portfolio management:	15,482	6,750
3.1. individual	1,886	1,750
3.2. collective	13,596	5,000
4. custody and administration of securities	981	969
5. custodian bank	–	–
6. securities placement	1,897	1,507
7. acceptance of trading orders	–	–
8. consulting	694	255
8.1 investments	339	48
8.2 financial structure	355	207
9. distribution of third-party services	128	119
9.1. portfolio management	–	–
9.1.1. individual	–	–
9.1.2. collective	–	–
9.2. insurance policies	128	119
9.3. other products	–	–
d) collection and payment services	106	87
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	100	89
j) other services	324	234
Total	**22,625**	**12,146**

Commission income in the first six months of 2015 increased by 10,479 thousand euros relative to the same period of the previous year.
The increase is due (1,493 thousand euros) to the bank and (8,825 thousand euros) to the subsidiary Investire SGR S.p.A. deriving from the funds managed by the two absorbed entities (Beni Stabili Gestioni SGR S.p.A. and Polaris RE S.p.A.) and (161 thousand euros) to the other companies of the Group.

2.2 Commission expense: breakdown

Services/Amounts	Total 1st half 2015	Total 1st half 2014
a) guarantees received	–	–
b) credit derivatives	–	–
c) management and brokerage services:	611	904
1. trading in financial instruments	194	195
2. trading in currencies	–	–
3. portfolio management:	132	151
3.1 own portfolio	13	25
3.2 third-party portfolio	119	126
4. custody and administration of securities	78	54
5. placement of financial instruments	207	504
6. sales of financial instruments, products and services through other outlets	–	–
d) collection and payment services	34	29
e) other services	389	60
Total	**1,034**	**993**

Section 3 – Dividends and similar income – Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total 1st half 2015		Total 1st half 2014	
	Dividends	Income from UCI units	Dividends	Income from UCI units
A. Financial assets held for trading	14	–	10	
B. Available-for-sale financial assets	775	977	621	927
C. Financial assets carried at fair value	–	–	–	–
D. Equity investments	–	X	–	X
Total	**789**	**977**	**631**	**927**

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	**103**	**336**	**269**	**250**	**(80)**
1.1 Debt securities	1	14	182	108	(275)
1.2 Equity securities	26	321	52	142	153
1.3 UCI units	76	1	35	–	42
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**	**(2,661)**
4. Derivatives	**231**	**990**	**82**	**518**	**321**
4.1 Financial derivatives:	231	990	82	518	321
- On debt securities and interest rates	49	–	–	55	(6)
- On equity securities and stock indices	182	990	82	463	627
- On currencies and gold	X	X	X	X	(300)
- Other	–	–	–	–	–
4.2 Credit derivatives	–	–	–	–	–
Total	**334**	**1,326**	**351**	**768**	**(2,420)**

In the first six months of 2015, net income from trading activities, referring exclusively to the Bank, features a negative balance of 2,420 thousand euros, compared to a positive balance of 126 thousand euros in the same period of 2014, and may be broken down as follows:

- a positive balance between realised profits and losses related to trading on securities and derivatives of 558 thousand euros;
- negative difference between unrealised capital gains and losses, in connection with the fair value measurement of the trading portfolio, totalling 66 thousand euros;
- negative difference of 251 thousand euros between unrealised capital gains and losses in connection with the fair value measurement of currency forwards and of Interest Rate Swap Amortising;
- a negative balance between profits and losses on exchange transactions totalling 2,661 thousand euros. The balance includes the loss of 2,860 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.

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

6.1 Profit (Loss) from disposal/repurchase: breakdown

Items/Income items	Total 1st half 2015			Total 1st half 2014		
	Profit	Losses	Net income	Profit	Losses	Net income
Financial assets						
1. Due from banks	–	–	–	–	–	–
2. Due from customers	–	–	–	–	–	–
3. Available-for-sale financial assets	5,014	9	5,005	1,440	–	1,440
3.1 Debt securities	400	9	391	907		907
3.2 Equity securities	4,614	–	4,614	533	–	533
3.3 UCI units	–	–	–	–	–	–
3.4 Loans	–	–	–	–	–	–
4. Financial assets held to maturity	–	–	–	–	–	–
Total assets	**5,014**	**9**	**5,005**	**1,440**	**–**	**1,440**
Financial liabilities						
1. Due to banks	–	–	–	–	–	–
2. Due to customers	–	–	–	–	–	–
3. Outstanding securities	–	–	–	–	–	–
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**

At 30 June 2015, the item had a positive balance of 5,005 thousand euros (1,440 thousand euros in the 1st half of 2014). The amount comprises the following gains realised by the Bank:

- 2,521 thousand euros for the sale of 126,100 London Stock Exchange Group plc shares, of which 108,600 shares as a result of the exercise of the call option expired on 20 March 2015.
- 2,093 thousand euros for the sale of 365,509 shares of Anima Holding.

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 1st half 2015 (1) - (2)	Total 1st half 2014
	Specific		Portfolio	Specific		Portfolio			
	Derecognition	Other		A	B	A	B		
A. Due from banks	–	–	–	–	–	–	–	–	–
- Loans	–	–	–	–	–	–	–	–	
- Debt securities	–	–	–	–	–	–	–	–	
B. Due from customers	76	971	359	–	127	–	–	1,279	834
Purchased impaired loans	–	–		–	–	–		–	–
- Loans	–	–	X	–	–	–	X	–	
- Debt securities	–	–	X	–	–	–	X	–	
Other receivables	76	971	359	–	127	–	–	1,279	834
- Loans	76	971	359	–	127	–	–	1,279	834
- Debt securities	–	–	–	–	–	–	–	–	
C. Total	**76**	**971**	**359**	**–**	**127**	**–**	**–**	**1,279**	**834**

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

The specific adjustments – Other pertain to the Bank (763 thousand euros), to Investire SGR S.p.A. (169 thousand euros), to Finnat Fiduciaria (35 thousand euros) and to Fedra Fiduciaria (4 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 1st half 2015 (1) - (2)	Total 1st half 2014
	Specific		Specific			
	Derecognition	Other	A	B		
A. Debt securities	–	–	–	–	–	–
B. Equity securities	–	–	X	X	–	–
C. UCI units	–	209	X	–	209	–
D. Loans to banks	–	–	–	–	–	–
E. Loans to customers	–	–	–	–	–	–
F. Total	**–**	**209**	**–**	**–**	**209**	**–**

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

Value adjustments for impairment of available-for-sale financial assets pertain exclusively to the subsidiary Investire SGR S.p.A.

Section 11 – Administrative expenses – Item 180

11.1 Staff costs: breakdown

Type of expense/Segments	Total 1st half 2015	Total 1st half 2014
1) Staff	13,917	9,525
a) wages and salaries	9,952	6,767
b) social security charges	2,685	1,813
c) staff severance fund	284	266
d) welfare charges	–	–
e) allocation for staff severance fund	69	83
f) allocation to pensions and similar commitments:	–	–
- defined contribution	–	–
- defined benefit	–	–
g) allocation to external supplementary retirement benefit plans:	197	55
- defined contribution	197	55
- defined benefit	–	–
h) costs due to payment agreements based on own capital instruments	–	86
i) other benefits in favour of employees	730	455
2) Other active staff	249	279
3) Directors and statutory auditors	903	861
4) Inactive staff	–	–
Total	**15,069**	**10,665**

Staff costs grew by 4,404 thousand euros compared to the same period of last year. The change comprises mainly the increase by 3,879 thousand euros referred to Investire SGR S.p.A. as a result of the increase of its workforce by 82 employees compared to 31 December 2014 (from 36 to 118 employees).

Item 1) e) includes the amount of IAS staff severance fund, net of actuarial gains recognised among Valuation reserves following the changes made to IAS 19.

11.5 Other administrative expenses: breakdown

Type of expense/Segments	Total 1st half 2015	Total 1st half 2014
Rentals and condominium fees	1,746	1,140
Membership fees	78	80
EDP materials	91	10
Stationery and printing supplies	67	45
Consulting and outsourced professional services	1,587	721
Outsourcing services	1,445	999
Auditing company fees	121	129
Maintenance	246	133
Utilities and connections	925	810
Postal, transport and shipment fees	60	34
Insurance companies	43	35
Public relations and advertising expenses	268	99
Office cleaning	130	94
Books, newspapers and magazines	28	20
Entertainment expenses	75	50
Travel expenses and mileage based reimbursements	251	99
Other duties and taxes	1,747	1,678
Security charges	68	68
Other	332	277
Total	**9,308**	**6,521**

The other administrative expenses increased by 2,787 thousand euros compared to the first half of 2014. The increase relates mainly to the costs referred to the subsidiary Investire SGR S.p.A. as a result of the merger by absorption.

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	232	–	–	232
- Functional use	232	–	–	232
- For investment	–	–	–	–
A.2 Acquired under finance lease	–	–	–	–
- Functional use	–	–	–	–
- For investment	–	–	–	–
Total	**232**	**–**	**–**	**232**

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 adjustments for impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Intangible assets				
A.1 Owned assets	61	–	–	61
- Generated internally by the company	–	–	–	–
- Other	61	–	–	61
A.2 Acquired under finance lease	–	–	–	–
Total	**61**	**–**	**–**	**61**

Section 15 – Other operating income/expenses – Item 220

15.1 Other operating expense: breakdown

	Total 1st half 2015	Total 1st half 2014
Amounts reimbursed to customers	14	7
Amortisation for improvements to third party assets	113	39
Other expense	351	949
Total	**478**	**995**

15.2 Other operating income: breakdown

	Total 1st half 2015	Total 1st half 2014
Rental income	92	91
Recovery of stamp duty	1,530	1,276
Recovery of substitute tax	28	88
Recovery of other expenses	248	430
Dividend and prescription waiver	115	78
Other income	557	59
Total	**2,570**	**2,022**

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

16.1 Profit (loss) from equity investments: breakdown

Income items/Segments	Total 1st half 2015	Total 1st half 2014
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	245	323
1. Revaluations	245	323
2. Profit from disposals		–
3. Write-backs		–
4.Other income		–
B. Expense	154	158
1. Write-downs	154	158
2. Value adjustments for impairment		–
3. Losses from disposals		–
4. Other expense		–
Net income	**91**	**165**
Total	**91**	**165**

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 1st half 2015	Total 1st half 2014
1.	Current taxes (-)	(1,242)	(1,612)
2.	Changes in current taxes compared with previous years (+/-)	2	(31)
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 (+/-)	(158)	20
5.	Change in deferred taxes (+/-)	(11)	(85)
6.	**Income taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)**	**(1,409)**	**(1,708)**

Income tax has been calculated based on the applicable tax rates.

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

The profit for the year for minority interests totals 1,417 thousand euros versus 306 thousand euros in the first half of 2014.

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.

	30.06.2015	31.12.2014
Profit (loss) for the year	4,136,064	4,248,137
Weighted average of ordinary shares	337,063,013	338,578,935
Basic earnings (loss) per share	0.012271	0.012547

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

	30.06.2015	31.12.2014
Adjusted profit (loss) for the year	4,136,064	4,248,137
Weighted average of ordinary shares for diluted capital	337,063,013	338,578,935
Diluted earnings (loss) per share	0.012271	0.012547

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 F – Information on the consolidated net equity

Section 1 – Consolidated net equity

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 244,602 thousand euros, of which the Group net equity is 210,320 thousand euros and the net equity of minority interest is 34,282 thousand euros.

The Group valuation reserves of Available-for-sale financial assets amount to a positive 28,075 thousand euros and can be detailed as follows:

	Valuation reserves at 30.06.2015			Valuation reserves at 31.12.2014			Changes in Reserves
	Positive	Negative	Balance (a)	Positive	Negative	Balance (b)	(a-b)
PARENT COMPANY							
London Stock Exchange Group plc shares	27,356	–	27,356	25,205	–	25,205	2,151
Anima Holding shares	2,664	–	2,664	1,466		1,466	1,198
Net Insurance shares	–	–	–	3	–	3	(3)
Cr Cesena shares	–	5	(5)	–	–	–	(5)
UCI units	550	5	545	452	2	450	95
Italian Government securities and bonds	720	775	(55)	1,759	4	1,755	(1,810)
TOTAL PARENT COMPANY	**31,290**	**785**	**30,505**	**28,885**	**6**	**28,879**	**1,626**
OTHER GROUP COMPANIES							
UCI units of Investire SGR S.p.A.	–	2,426	(2,426)	–	1,326	(1,326)	(1,100)
Italian Treasury Bonds of Finnat Fiduciaria S.p.A	–	4	(4)	–	5	(5)	1
TOTAL OTHER GROUP COMPANIES	**–**	**2,430**	**(2,430)**	**–**	**1,331**	**(1,331)**	**(1,099)**
TOTAL GROUP	**31,290**	**3,215**	**28,075**	**28,885**	**1,337**	**27,548**	**527**

The valuation reserve of Available-for-sale financial assets pertaining to minority interests amounts to a negative 2,410 thousand euros, an increase of 2,079 thousand euros compared with the same figure at 31 December 2014 (negative by Euro 331 thousand).

Section 2 – Own funds and capital ratios

2.1 Scope of the regulations

The Consolidated regulatory capital is determined based on the harmonised regulations for 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 regulations, the Bank of Italy issued, on 17 December 2013, Circular no. 285 "Prudential Supervision Provisions for Banks".

2.2 Banks' own funds

Own funds at 30 June 2015 amount to 141,442 thousand euros (137,087 thousand euros at 31 December 2014), whereas the Total capital ratio stands at 26.4% (29.8% at 31 December 2014) versus the 8% minimum requirement set forth in the current regulations for Credit Institutions.

A. Qualitative information

The own funds represent the first safeguard against the risks associated with overall bank activities and the main reference parameter for an assessment of the solidity of the bank.

They comprise the sum of:

Common Equity Tier 1 ("Common Equity Tier 1" or "CET1")	Euro	140,122
Additional Tier 1 ("Additional Tier 1" or "AT1")	Euro	–
Tier 2 ("Tier 2" or "T2")	Euro	1,320

B. Quantitative information

		Total 30.06.2015	Total 31.12.2014
A.	Common Equity Tier 1 - CET1 before the application of prudential filters	219,695	199,866
	- of which CET 1 instruments subject to transitional provisions		
B.	Prudential filters for CET 1 (+/-)		–
C.	CET 1 including deductions and the effects of the transitional regulations (A+/-B)	219,695	199,866
D.	Deductions from CET1	(91,331)	(48,028)
E.	Transitional regulations - Impact on CET 1 (+/-) including minority interests subject to transitional provisions	11,758	(16,413)
F.	Total Common Equity Tier 1 (Common Equity Tier 1 - AT1 - CET1) (C - D+/-E)	140,122	135,425
G.	Additional Tier 1 (Additional Tier 1 - AT1) including deductions and the effects of the transitional regulations	–	–
	- of which AT 1 instruments subject to transitional provisions	–	–
H.	Deductions from AT1	–	–
I.	Transitional regulations - Impact on AT 1 (+/-) 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	–	–
	- of which T2 instruments subject to transitional provisions	–	–
N.	Deductions from T2	–	–
O.	Transitional regulations - Impact on T2 (+/-) including instruments issued by subsidiaries and included in T2 by effect of transitional provisions	1,320	1,662
P.	Total Tier 2 (Tier 2 - T2) (M-N +/-O)	1,320	1,662
Q.	Total own funds (F+L+P)	141,442	137,087

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 30 June 2015 was positive by 237 thousand euros and own funds would have amounted to 141,205 thousand euros.
At 31 December 2014, said impact was positive by 702 thousand euros and own funds would have amounted to 137,789 thousand euros.

2.3 Capital adequacy

A. Qualitative information

Italian banks must maintain a minimum CET 1 ratio of 4.5%, Tier 1 ratio of 6% 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 26.2%, whilst its Total Capital Ratio is 26.4%.

B. Quantitative information

Categories/Amounts	Non-weighted amounts		Weighted amounts/Requirements	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
A. RISK ASSETS				
A.1 Credit and counterparty risk				
1. Standard methodology	2,049,046	1,784,777	385,714	317,331
2. Methodology based on internal ratings				
2.1 Basic				
2.2 Advanced				
3. Securitisation	328		4,097	
B. CAPITAL REQUIREMENTS FOR SUPERVISORY PURPOSES				
B.1 Credit and counterparty risk			31,194	25,386
B.2 Risk of adjustment of the credit measurement			1	1
B.3 Settlement risk				
B.4 Market risks			5,112	4,487
1. Standard methodology			5,112	4,487
2. Internal models				
3. Concentration risk				
B.5 Operating risk			6,507	6,912
1. Basic method			6,507	6,912
2. Standardised method			–	–
3. Advanced method			–	–
B.6 Other calculation elements			–	–
B7. Total prudential requirements			42,814	36,786
C. RISK ASSETS AND ADEQUACY RATIOS				
C.1 Risk-weighted assets			535,173	459,825
C.2 Common Equity Tier 1 /Weighted risk assets (CET1 capital ratio)			26.2%	29.5%
C.3 Tier 1 capital/Weighted risk assets (Tier 1 capital ratio)			26.2%	29.5%
C.4 Total own funds/Weighted risk assets (Total capital ratio)			26.4%	29.8%

Part G - Business combinations pertaining to entities or business units

With effective date of 1 January 2015 for both accounting and tax purposes, 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. (now Investire SGR S.p.A.).

This transaction is described in detail at the paragraph "The main transactions and significant subsequent events in the half-year" of the Interim report on operations.

Part H – Related party transactions

In terms of related party transactions, the Bank has complied 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" - available for consultation on the Bank's web site - prepared in accordance with Article 123-ter of the Italian Consolidated Financial Act 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 30 June 2015 separately for different types of related parties under IAS 24.

BALANCE SHEET	Receivables (Payables)	Other receivables (Payables)	Sureties issued	Financial irrevocable credit lines granted and not used
Prévira Invest Sim S.p.A.	(111)	–	–	–
Imprebanca S.p.A.	(575)	–	–	–
MANAGEMENT WITH STRATEGIC RESPONSIBILITIES AND AUDITING BODIES	**(1,783)**	**–**	**–**	**424**
OTHER RELATED PARTIES	**(3,613)**	**389**	**37**	**9,090**

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

With regard to associated companies, there are no income statement items.

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
- trusteeship
- 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, amortisation and depreciation 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.

- Aggregate value adjustments for impairment includes receivables and available-for-sale financial assets. 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 for the 1st half of 2015, by business segment

Business segments	Assets under management	Assets under administration	Trusteeship	Banking services holding and other	Total
Interest margin	41	–	14	4,940	4,995
Net Commissions	16,038	3,335	861	1,357	21,591
Dividends	–	–	–	1,766	1,766
Net income from trading activities	10	–	–	(2,430)	(2,420)
Profit (loss) from AFS acquisition	–	–	(6)	5,011	5,005
EARNINGS MARGIN	**16,089**	**3,335**	**869**	**10,644**	**30,937**
Operating costs	(13,839)	(2,128)	(1,016)	(5,595)	(22,578)
Net value adjustments for impairment of:					
- receivables	(169)	–	5	(1,115)	(1,279)
- available-for-sale financial assets	(209)	–	–	–	(209)
Profit from equity investments	–	–	–	91	91
PRE-TAX PROFIT	**1,872**	**1,207**	**(142)**	**4,025**	**6,962**

Consolidated aggregate balance sheet values at 30 June 2015 by business segment

Business segments	Assets under management	Assets under administration	Trusteeship	Banking services holding and other	Total
Financial assets	5,006	–	820	907,120	912,946
Due from customers	14,139	–	1,012	330,981	346,132
Due from banks	8,346	–	–	71,964	80,310
Due to customers	42,096	–	–	1,066,250	1,108,346
Due to banks	17	–	–	20,886	20,903
Outstanding securities	–	–	–	26,971	26,971
Financial liabilities	–	–	–	2,693	2,693

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 the first half-year of 2015, 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 the half-year period, 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 transactions in the first half of 2015 are commented on in a special section of the Interim report on operations.

The following table lists all equity investments – directly or indirectly owned by Banca Finnat Euramerica S.p.A. – that exceed a stake of 10% of the capital, made up of shares with voting rights in unlisted public limited companies or membership interests in private limited companies, at 30 June 2015.

LIST OF MAIN EQUITY INVESTMENTS IN UNLISTED COMPANIES DIRECTLY OR INDIRECTLY HELD AT 30 JUNE 2015

PART-OWNED COMPANY	Shares or membership interests directly and indirectly held		Shares or membership interests directly held			Shares or membership interests indirectly held			
	No. of shares	% stake	No. of shares	% stake .	Type of ownership	Part-owned Companies	No. of shares	% stake	Type of ownership
FINNAT FIDUCIARIA S.p.A. Piazza del Gesù, 49 - 00186 ROME Taxpayer ID No. 07585500585 - Rome REA 620697 Nominal value per share Euro 5	300,000	100.000	300,000	100.000	Ownership				
FEDRA FIDUCIARIA S.p.A. Piazza del Gesù, 49 - 00186 ROME Taxpayer ID No. 07973070589 - Rome REA 636350 Nominal value per share Euro 5	24,000	100.000	24,000	100.000	Ownership				
INVESTIRE SGR S.p.A. Via Po, 16/A - 00198 ROME Taxpayer ID No. 06931761008 - Rome REA 998178 Nominal value per share Euro 1,000	7,409	50.160	7,409	50.160	Ownership				
FINNAT GESTIONI S.A. Piazza Dante, 7 - 6900 LUGANO Nominal value per share CHF 1,000	525	70.000	525	70.000	Ownership				
REVALO S.p.A. Via Piemonte, 38 - 00187 Rome Taxpayer ID No. 08280551006 - Rome REA 1085663 Nominal value per share Euro 1	648,000	36.000	648,000	36.000	Ownership				
SIGEFI ITALIA PRIVATE EQUITY S.p.A. Via Gonzaga Maurizio, 7 - 20123 MILAN Taxpayer ID No. 04033360969 - Milan REA 1720651 Nominal value per share Euro 1	30,000	25.000	30,000	25.000	Ownership				
IMPREBANCA S.p.A. Via Cola di Rienzo, 240 - 00192 ROME Taxpayer ID No. 09994611003 - Rome REA 1202384 Nominal value per share Euro 1	10,000,000	20.000	10,000,000	20.000	Ownership				
PREVIRA INVEST SIM S.p.A. Piazza San Bernardo, 106 - 00187 ROME Taxpayer ID No. 06073551001 - Rome REA 945999 Nominal value per share Euro 10	30,000	20.000	30,000	20.000	Ownership				
CALIPSO S.p.A. Via C. Cantù, 1 - 20123 MILAN Taxpayer ID No. 08226181009 - Milan REA 1786169 Nominal value per share Euro 1	41,062	13.687	41,062	13.687	Ownership				

The equity investment in Calipso S.p.A. has been classified in the Bank's financial statements under the item "Available-for-sale financial assets".

CERTIFICATION OF THE CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF THE CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS AMENDED AND SUPPLEMENTED

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 the corporate reports and accounting documents of Banca Finnat Euramerica S.p.A., hereby certify, also with regard to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
   - the adequacy, as regards the characteristics of the company, and
   - the effective application

   of the administrative and accounting procedures, in respect of the formation of the Condensed consolidated half-yearly financial statements at 30 June 2015.

2. No significant matters emerged, with respect thereto.

3. The undersigned also certify that:

   3.1 the Condensed consolidated half-yearly 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 interim report on operations includes a reliable analysis of the references to the important events occurring in the first six months of the year and how they affected the Condensed consolidated half-yearly financial statements, along with a description of the principal risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of the information on the significant transactions with related parties.

Rome, 31 July 2015

The Managing Director	The Manager in charge of preparing the corporate reports and accounting documents
(Arturo Nattino)	(Paolo Collettini)

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LIMITED AUDIT REPORT ON THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

To the Shareholders of
Banca Finnat Euramerica S.p.A.

Introduction

We have carried out the limited audit of the condensed consolidated half-yearly financial statements, consisting of the balance sheet, the income statement, the statement of changes in equity, the statement of cash flow and the related explanatory notes of Banca Finnat Euramerica S.p.A. and subsidiaries (Banca Finnat Euramerica Group) as at 30 June 2015. The Directors are responsible for preparing the condensed consolidated half-yearly financial statements in accordance with the international accounting standard applicable for interim financial reporting (IAS 34) adopted by the European Union. We are responsible for expressing our conclusion on the condensed consolidated half-yearly financial statements on the basis of the limited audit we carried out.

Scope of the limited audit

Our work was carried out according to the criteria for limited audits recommended by Consob with its Resolution no. 10867 of 31 July 1997. The limited audit of the condensed consolidated half-yearly financial statements consists of carrying out interviews, mainly with the company personnel responsible for financial and accounting aspects, financial statement analyses and other limited audit procedures. The scope of a limited audit is substantially smaller than that of a complete audit carried out in accordance with international audit standards (ISA Italy) and, consequently, it does not enable us to be certain that we became aware of all significant facts that could be identified with the performance of a complete audit. Therefore, we hereby express no judgement on the condensed consolidated half-yearly financial statements.

Conclusions

On the basis of the limited audit we carried out, we did not become aware of any elements that would lead us to deem that the condensed consolidated half-yearly financial statements of the Banca Finnat Euramerica Group as at 30 June 2015 were not prepared, in all significant aspects, in accordance with the international accounting standard applicable for interim financial reporting (IAS 34) adopted by the European Union.

Rome, 6 August 2015

Reconta Ernst & Young S.p.A.
Alberto M. Pisani
(Partner)

Share Capital	Euro 72,576,000 (fully paid-up)	Telephone	+39 06 69933.1
Headquarters	00186 Rome - Palazzo Altieri - Piazza del Gesù, 49	Fax	+39 06 6791984
R.E.A. Reg. No.	444286	Web-site	www.bancafinnat.it
Tax Identification No.	00168220069	E-mail	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