

## Banca IFIS, in 2014 loans consistently growing, strong recovery in NPL ratios

*C.E.O. Giovanni Bossi: "The increase in the number of financed SMEs (+13,1%), together with our excellent NPL figures, are absolutely against the general trend"*

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Full year 2014  
1 January-31 December

- Net banking income: 280,9 million Euro (+6,3%)
- Net profit from financial activities: 249,6 million Euro (+13,7%)
- Profit for the period: 95,9 million Euro (+13,0%)
- Cost of credit quality: 145 bp (244 bp at 31 December 2013)
- Bad-loan ratio in the trade receivables segment improving further: down to 1,3% in December 2014 from 2,6% in December 2013
- Bad loan coverage ratio: up to 86,4% in September 2014 from 78,4% in December 2013
- Total net impaired loans in the trade receivables segment sharply down compared to 2013: 112,6 million Euro (-30,7%)
- Hiring up: 125 new employees joined the Group (+20%)
- ROE: 23,5% (24,8% in 2013)
- Constant improvement of Total Own Capital Funds Ratio: 14,2% (13,7% in 2013)

4<sup>th</sup> quarter 2014  
1 October - 31 December

- Net banking income: 70,2 million Euro (+0,2%)
- Net profit from financial activities: 68,5 million Euro (+14,1%)
- Profit for the period: 21,7 million Euro (+22,3%)

### Comment on operations

Mestre, 20 January 2015 – The Board of Directors of Banca IFIS met today and assessed the preliminary full-year results for 2014.

«Amid an extremely challenging time for Italy's and Europe's economy, for Banca IFIS 2014 was a record year that saw strong growth», said Giovanni Bossi, Banca IFIS CEO. «The bank managed to increase its support to a rising number of companies and households, effectively using its capital position, liquidity and ability to offer

the right solutions against a deeply negative backdrop. The impressive results of lending to businesses are all the more important considering the following factors: net bad loans accounted for just over 1% of trade receivables; the NPL coverage ratio reached a staggering 86,4%, outperforming the banking industry; total impaired loans amounted to less than 30% of equity. These results show the market that the Bank was able to weather a situation we can no longer refer to as a “crisis”, but rather a “new normal” in which we will steadily and firmly support businesses, households, savers and stakeholders».

## Operating performance

### Consolidated Income Statement analysis

**Net banking income** rose 6,3% to 280,9 million Euro (264,2 million Euro in the previous year) thanks to the positive contribution from all core segments.

The Trade Receivables segment made an outstanding contribution to consolidated net banking income, i.e. 55,4% of the total (49,1% at 31 December 2013), up 19,9% from the previous year.

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

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

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

The Tax Receivables segment posted 11,0 million Euro (9,3 million Euro in 2013, +18,5%). The two figures cannot be compared on a like-for-like basis: the result at 31 December 2013 included the double impact of the revision of estimated cash flows, higher than expected, and debt collection time, shorter than expected, with a

5,2 million Euro non-recurring positive contribution to net banking income. A non-recurring item, amounting to 1,2 million Euro, was recognised also during this year. It refers to the collection of a loan previously written off by the former Fast Finance. Net of these non-recurring items, net banking income more than doubled from the previous year, rising from 4,1 million Euro in 2013 to 9,8 million Euro in 2014.

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

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

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

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

The Group's **net profit from financial activities** totalled 249,6 million Euro, compared to 219,6 million Euro at 31 December 2013, up 13,7%.

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

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

The DRL segment's performance was influenced by both the mentioned positive impact of the sale of part of the NPL portfolio and the new credit collection system, involving a higher use of settlement plans (expression of willingness) instead of bills of exchange. It should be noted that a total 122,2 million Euro were raised using

the above-mentioned instruments in 2014, while in the prior year bills of exchange—the only available instalment option—brought in 79,0 million Euro. Collections made in 2014 amounted to 32,6 million, compared to 28,8 million in the prior year. In particular, settlement plans agreed with the debtors (generating an increase in debtors' underwriting) impact the income statement about one quarter after the date they are signed, due to the conservative approach adopted by the Bank. They are recognised at amortised cost only once the customer has paid an amount at least equal to three monthly instalments.

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

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

There were also numerous additions to the Group's staff, which rose by over 20% during 2014. Personnel expenses were up 14,7% from 37,1 million Euro at 31 December 2013 to 42,6 million Euro.

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

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

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

In the **fourth quarter**, gross profit for the period amounted to 33,5 million Euro (compared to 38,6 million Euro in the prior year), while net profit for the period amounted to 21,7 million Euro, compared to 17,7 million in the fourth quarter of 2013 (+22,3%), also as a result of the mentioned effects on income tax expense.

### **Consolidated Statement of Financial Position analysis**

The Bank's assets are largely represented by loans to customers and by the securities held in the portfolio.

At 31 December 2014, **total loans to customers** reached 2.814,3 million Euro, up 22,5% or +517,4 million Euro compared to 2.296,9 million Euro at the end of 2013. Specifically, trade receivables increased by 516,6 million Euro compared to the end of 2013 (+26,7%). The sustained growth in lending was driven by increased

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

Total net impaired loans amounted to 248,1 million Euro, compared to 291,1 million Euro at the end of 2013 (-14,8%). **The Trade Receivables segment's net impaired loans**, which actually determine the Bank's overall credit quality, dropped 30,7%, from 162,6 million Euro at the end of 2013 to 112,6 million Euro. Net impaired assets in the trade receivables segment accounted for 4,6% of total loans and amounted to 25,7% of the Bank's equity.

The **ratio of net bad loans to loans in the Trade Receivables segment** improved sharply, falling from 2,6% at the end of 2013 to 1,3%.

Specifically, here below is the breakdown of the Group's impaired loans in the Trade Receivables segment:

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

At 31 December 2014, total **substandard loans** were 37,9 million Euro, compared to 61,8 million Euro in the previous year (-38,7%), while **restructured loans** rose from 8,4 million Euro in 2013 to 14,4 million Euro.

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

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

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

**The portfolio of held to maturity (HTM) financial assets** stood at 4.827,4 million Euro at 31 December 2014, down 17,0% compared to the previous year, and consists of Italian government bonds with residual maturity at the time of purchase of over one year. At the reporting date, the HTM portfolio showed unrecognised net

capital gains amounting to 133,7 million Euro before taxes. These capital gains were not recognised according to the amortised cost method applicable to this portfolio.

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

The three items above include the whole debt securities portfolio at 31 December 2014.

Said **debt securities portfolio** at 31 December 2014 amounted to 5.068,3 Euro, down 39,4% from 31 December 2013 as a result of the redemption of 3.538,0 million Euro worth of bonds maturing in the period. The Bank does not carry out any trading activity on the security portfolio. Based on the characteristics of the securities and in accordance with IAS 39, they were classified as either available for sale financial assets, held to maturity financial assets, or receivables due from banks. At 31 December 2014, 44,1% of securities in the portfolio would mature in December 2015, 14,8% in December 2016, 13,8% in 2017, and 27,3% before the end of 2018.

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

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

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

The significant decrease in Payables due to banks compared to the end of the previous year is due to the fact that the Bank carried out less refinancing operations on the Eurosystem, rather using the MTS platform and dealing with Cassa di Compensazione e Garanzia as counterparty. The Bank turns to the ECB or the MTS platform exclusively based on convenience due to the trend of interest rates.

**Payables due to customers** at 31 December 2014 totalled 5.483,5 million Euro (+31,2% compared to 31 December 2013). This increase was mainly due to the higher use of repurchase agreements with underlying Government bonds and Cassa di Compensazione e Garanzia as counterparty, amounting to 2.082,9 million Euro (compared to 263,7 million Euro at the end of 2013). Retail funding totalled 3.314,2 million Euro at 31 December 2014, down from 3.868,1 million Euro at 31 December 2013, as interest rates slid gradually throughout the year.

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

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

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

At 31 December 2014, consolidated **Equity** was 437,8 million Euro, compared to 380,3 million Euro at 31 December 2013 (+15,1%). The change was mainly attributable to the profit for the period; the 10,0 million Euro decrease in the AFS valuation reserve; and the distribution of dividends.

**Capital adequacy ratios** were calculated in accordance with Basel 3 regulations that require for the inclusion of the Bank's Parent Company, La Scogliera S.p.A., in the consolidation scope. Core Tier 1 and Solvency ratios are therefore classified in accordance with the Common Equity Tier 1 and total own funds capital ratios, standing at 13,9% and 14,2%, respectively.

## Outlook

The Group's prospects for 2015 are positive, even though it faces an economic scenario characterised by high uncertainty over the time it will take to eventually see tentative signs of a recovery and that may be defined as the "new normal".

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

As for the European monetary policy, after the recent actions aimed at reducing the cost of money for the banks operating in the Eurosystem, the ECB seems keen to intervene much more actively in the market: the impact on the availability of lending to the real economy and the costs/returns of debt and assets remain to be seen. The current imbalance in the Eurozone would require stronger price rises, notably in Northern countries. This scenario is not likely to materialise for political reasons, requiring more radical reforms in Europe's South. However, within this context, supply-side policies may not be sufficient, if they are not supported by demand-side measures. Furthermore, the EU common policy appears unlikely to generate positive systemic solutions.

The challenges that some Euro area countries – chief among them Greece – will face are only partly mitigated by the low interest rates on public debts.

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

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

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

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

The Bank will relentlessly continue to buy the portfolios offered by the sellers in all segments, adopting also innovative direct approaches to intervene faster. The life cycle of managed receivables portfolios covers a particularly long period of time, allowing the Bank to create value for all stakeholders involved in the business unit, according to the length of time and the rate of return. This requires proactively and dynamically managing the various portfolios based on the opportunities present on the market.

Concerning the management of Non Performing Loans, the sale in the fourth quarter of 2014 of the sizeable portfolio of bills of exchange, resulting from approaches that are gradually being discontinued, should mark a change that will allow the bank to better focus its operations. The focus on debt sustainability, the possibility of extending debtors' payments terms, and establishing a constant dialogue at low costs will most likely be crucial to boost the turnover and profitability of this business area, which operates in a social segment that has been badly hit by the crisis. In this segment, the introduction of new collection and management instruments and the necessarily conservative accounting of expected cash flows temporarily influenced the business area's results. The expected acceleration will depend on the continuation of this negative trend and on any difficulties arising from the implementation of the new collection methods, through which the Bank can often sharply improve the quality of its portfolios, with long-term effects, following particularly strict margin recognition policies.



As for the *Tax Receivables* segment, which is strongly dependent on payment times by the Italian Treasury, , the Bank is very actively acquiring often sizeable positions, given the good medium-term profitability of these investments.

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

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

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

Finally, the Bank will constantly look for new opportunities on the market.

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

#### Declaration of the Corporate Accounting Reporting Officer

Pursuant to Article 154 bis, Paragraph 2 of the Consolidated Law on Finance, the Corporate Accounting Reporting Officer, Carlo Sirombo, declares that the accounting information contained in this press release corresponds to the company's accounting records, books and entries.

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## Consolidated statement of financial position

Assets (in thousands of Euro)		AMOUNTS AT		CHANGE	
		31.12.2014	31.12.2013	ABSOLUTE	%
10	Cash and cash equivalents	24	30	(6)	(20,0)%
20	Financial assets held for trading	-	10	(10)	(100,0)%
40	Available for sale financial assets	243.325	2.529.179	(2.285.854)	(90,4)%
50	Held to maturity financial assets	4.827.363	5.818.019	(990.656)	(17,0)%
60	Due from banks	274.858	415.817	(140.959)	(33,9)%
70	Loans to customers	2.814.330	2.296.933	517.397	22,5%
120	Property, plant and equipment	50.682	40.739	9.943	24,4%
130	Intangible assets	6.556	6.361	195	3,1%
	of which:				
	- goodwill	819	837	(18)	(2,2)%
140	Tax assets	40.314	37.922	2.392	6,3%
	a) current	1.972	3.940	(1.968)	(49,9)%
	b) deferred	38.342	33.982	4.360	12,8%
160	Other assets	51.842	192.787	(140.945)	(73,1)%
	<b>Total assets</b>	<b>8.309.294</b>	<b>11.337.797</b>	<b>(3.028.503)</b>	<b>(26,7)%</b>

Liabilities and equity (in thousands of Euro)		AMOUNTS AT		CHANGE	
		31.12.2014	31.12.2013	ABSOLUTE	%
10	Due to banks	2.258.967	6.665.847	(4.406.880)	(66,1)%
20	Due to customers	5.483.474	4.178.276	1.305.198	31,2%
40	Financial liabilities held for trading	-	130	(130)	(100,0)%
80	Tax liabilities	14.338	17.362	(3.024)	(17,4)%
	a) current	70	1.022	(952)	(93,2)%
	b) deferred	14.268	16.340	(2.072)	(12,7)%
100	Other liabilities	111.059	93.844	17.215	18,3%
110	Post-employment benefits	1.618	1.482	136	9,2%
120	Provisions for risks and charges	1.988	533	1.455	273,0%
	b) other reserves	1.988	533	1.455	273,0%
140	Valuation reserves	(109)	10.959	(11.068)	(101,0)%
170	Reserves	237.874	163.055	74.819	45,9%
180	Share premiums	57.113	75.560	(18.447)	(24,4)%
190	Share capital	53.811	53.811	-	0,0%
200	Treasury shares (-)	(6.715)	(7.903)	1.188	(15,0)%
220	Profit (loss) for the year (+/-)	95.876	84.841	11.035	13,0%
	<b>Total liabilities and equity</b>	<b>8.309.294</b>	<b>11.337.797</b>	<b>(3.028.503)</b>	<b>(26,7)%</b>

## Consolidated income statement

Items (in thousands of Euro)		YEAR		CHANGE	
		2014	2013	ABSOLUTE	%
10	Interest receivable and similar income	311.727	345.759	(34.032)	(9,8)%
20	Interest due and similar expenses	(93.263)	(139.015)	45.752	(32,9)%
<b>30</b>	<b>Net interest income</b>	<b>218.464</b>	<b>206.744</b>	<b>11.720</b>	<b>5,7%</b>
40	Commission income	64.827	63.348	1.479	2,3%
50	Commission expense	(6.475)	(6.184)	(291)	4,7%
<b>60</b>	<b>Net commission income</b>	<b>58.352</b>	<b>57.164</b>	<b>1.188</b>	<b>2,1%</b>
70	Dividends and similar income	-	84	(84)	(100,0)%
80	Net profit (loss) from trading	302	193	109	56,5%
100	Profit (loss) from sale or buyback of:	3.812	11	3.801	n.s.
	a) receivables	3.581	-	3.581	n.a.
	b) available for sale financial assets	231	11	220	n.s.
<b>120</b>	<b>Net banking income</b>	<b>280.930</b>	<b>264.196</b>	<b>16.734</b>	<b>6,3%</b>
130	Net impairment losses/reversal on	(31.299)	(44.587)	13.288	(29,8)%
	a) receivables	(31.299)	(44.528)	13.229	(29,7)%
	b) available for sale financial assets	-	(59)	59	(100,0)%
<b>140</b>	<b>Net profit from financial activities</b>	<b>249.631</b>	<b>219.609</b>	<b>30.022</b>	<b>13,7%</b>
180	Administrative expenses:	(101.872)	(76.116)	(25.756)	33,8%
	a) personnel expenses	(42.553)	(37.094)	(5.459)	14,7%
	b) other administrative expenses	(59.319)	(39.022)	(20.297)	52,0%
190	Net allocations to provisions for risks and charges	(1.613)	(215)	(1.398)	650,2%
200	Net impairment losses/reversal on plant, property and equipment	(1.396)	(1.213)	(183)	15,1%
210	Net impairment losses/reversal on intangible assets	(1.843)	(1.791)	(52)	2,9%
220	Other operating income (expenses)	2.036	2.987	(951)	(31,8)%
<b>230</b>	<b>Operating costs</b>	<b>(104.688)</b>	<b>(76.348)</b>	<b>(28.340)</b>	<b>37,1%</b>
<b>280</b>	<b>Pre-tax profit (loss) for the year from continuing operations</b>	<b>144.943</b>	<b>143.261</b>	<b>1.682</b>	<b>1,2%</b>
290	Income taxes for the year relating to current operations	(49.067)	(58.420)	9.353	(16,0)%
<b>340</b>	<b>Profit (loss) for the year attributable to the parent company</b>	<b>95.876</b>	<b>84.841</b>	<b>11.035</b>	<b>13,0%</b>

**Consolidated income statement: fourth quarter**

Items (in thousands of Euro)		4th QUARTER		CHANGE	
		2014	2013 <sup>(1)</sup>	ABSOLUTE	%
10	Interest receivable and similar income	68.121	86.075	(17.954)	(20,9)%
20	Interest due and similar expenses	(16.439)	(30.319)	13.880	(45,8)%
<b>30</b>	<b>Net interest income</b>	<b>51.682</b>	<b>55.756</b>	<b>(4.074)</b>	<b>(7,3)%</b>
40	Commission income	16.025	16.023	2	0,0%
50	Commission expense	(1.255)	(1.626)	371	(22,8)%
<b>60</b>	<b>Net commission income</b>	<b>14.770</b>	<b>14.397</b>	<b>373</b>	<b>2,6%</b>
80	Net profit (loss) from trading	131	(96)	227	(236,5)%
100	Profit (loss) from sale or buyback of:	3.581	-	3.581	n.a.
	a) receivables	3.581	-	3.581	n.a.
<b>120</b>	<b>Net banking income</b>	<b>70.164</b>	<b>70.057</b>	<b>107</b>	<b>0,2%</b>
130	Net impairment losses/reversal on	(1.645)	(10.023)	8.378	(83,6)%
	a) receivables	(1.645)	(10.023)	8.378	(83,6)%
<b>140</b>	<b>Net profit from financial activities</b>	<b>68.519</b>	<b>60.034</b>	<b>8.485</b>	<b>14,1%</b>
180	Administrative expenses:	(35.034)	(20.881)	(14.153)	67,8%
	a) personnel expenses	(11.025)	(9.858)	(1.167)	11,8%
	b) other administrative expenses	(24.009)	(11.023)	(12.986)	117,8%
190	Net allocations to provisions for risks and charges	489	(202)	691	(342,1)%
200	Net impairment losses/reversal on plant, property and equipment	(376)	(365)	(11)	3,0%
210	Net impairment losses/reversal on intangible assets	(490)	(567)	77	(13,6)%
220	Other operating income (expenses)	408	619	(211)	(34,1)%
<b>230</b>	<b>Operating costs</b>	<b>(35.003)</b>	<b>(21.396)</b>	<b>(13.607)</b>	<b>63,6%</b>
<b>280</b>	<b>Pre-tax profit (loss) for the year from continuing operations</b>	<b>33.516</b>	<b>38.638</b>	<b>(5.122)</b>	<b>(13,3)%</b>
290	Income taxes for the year relating to current operations	(11.828)	(20.907)	9.079	(43,4)%
<b>340</b>	<b>Profit (loss) for the year attributable to the parent company</b>	<b>21.688</b>	<b>17.731</b>	<b>3.957</b>	<b>22,3%</b>

**Reclassified consolidated income statement: quarterly evolution**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2014			
	4° trim.	3° trim.	2° trim.	1° trim.
<b>Net interest income</b>	<b>51.682</b>	<b>53.167</b>	<b>58.723</b>	<b>54.892</b>
<b>Net commission income</b>	<b>14.770</b>	<b>14.593</b>	<b>14.865</b>	<b>14.124</b>
Net result from trading	131	16	50	105
Profit (loss) from sale or buyback of:	3.581	-	-	-
Receivables	3.581	-	-	-
Available for sale financial assets	-	-	-	231
<b>Net banking income</b>	<b>70.164</b>	<b>67.776</b>	<b>73.638</b>	<b>69.352</b>
Net value adjustments/revaluations due to impairment of:	(1.645)	(8.486)	(12.786)	(8.382)
Receivables	(1.645)	(8.486)	(12.786)	(8.382)
<b>Net profit from financial activities</b>	<b>68.519</b>	<b>59.290</b>	<b>60.852</b>	<b>60.970</b>
Personnel expenses	(11.025)	(10.310)	(10.884)	(10.334)
Other administrative expenses	(24.009)	(11.977)	(11.902)	(11.431)
Net allocations to provisions for risks and charges	489	(463)	79	(1.718)
Net value adjustments to property, plant and equipment and intangible assets	(866)	(833)	(792)	(748)
Other operating income (expenses)	408	538	141	949
<b>Operating costs</b>	<b>(35.003)</b>	<b>(23.045)</b>	<b>(23.358)</b>	<b>(23.282)</b>
<b>Pre-tax profit (loss) for the year from continuing operations</b>	<b>33.516</b>	<b>36.245</b>	<b>37.494</b>	<b>37.688</b>
Income taxes for the year relating to current operations	(11.828)	(12.112)	(12.115)	(13.012)
<b>Profit (loss) for the year attributable to the parent company</b>	<b>21.688</b>	<b>24.133</b>	<b>25.379</b>	<b>24.676</b>

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

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

(1) Data recognised according to the new regulations (Basel 3), which require the inclusion of the Group holding in the consolidation scope.

(2) Data recognised according to the previous regulations (Basel 2)

(3) Data recognised according to the previous regulations (Basel 2)

(4) Common equity Tier 1 Capital includes profit for the quarter net of estimated dividends

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