FINECO
THE NEW BANK

Banca del Gruppo UniCredit

LA BANCA
CHE SEMPLIFICA
LA BANCA

First half Financial Report as at June 30, 2014

FinecoBank S.p.A.

Half-year Interim Financial Report

as at June 30, 2014

Contents

Share capital

€200,070,430.89 fully paid-up, divided into 606,274,033 shares with a par value of €0.33.

Registered office

Piazza Durante 11, 20131 Milan, Italy

"FinecoBank Banca Fineco S.p.A."
in abbreviated form "FinecoBank S.p.A.", or "Banca Fineco S.p.A." or "Fineco Banca S.p.A."
Company controlled by UniCredit S.p.A., Gruppo Bancario UniCredito, Register of Banking Groups no. 2008.1, Member of the National Guarantee Fund and National Interbank Deposit Guarantee Fund, Italian Banking Association Code 03015, Tax Code and Milan Company Register no. 01392970404 – R.E.A. (Economic and Administrative Index) no. 1598155, VAT No. 12962340159

Board of Directors and Board of Statutory Auditors

BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

Board of Directors

Chairman	Enrico Cotta Ramusino
Vice Chairman	Francesco Saita
Managing Director	Alessandro Foti
Directors	Gianluigi Bertolli
	Girolamo Ielo
	Laura Stefania Penna
	Mariangela Grosoli
	Marina Natale
	Pietro Angelo Guindani

Board of Statutory Auditors

Chairman	Gian-Carlo Noris Gaccioli
Standing Auditors	Barbara Aloisi
	Marziano Viozzi
Alternate Auditors	Federica Bonato
	Marzio Duilio Rubagotti

External Auditors

Deloitte & Touche S.p.A.

Nominated Official in charge of drawing up Company Accounts

Lorena Pelliciari

On March 24, 2014 Mr. Alfredo Michele Malguzzi submitted his resignation from the position of Board Director.

On April 15, 2014 the Ordinary Shareholders' Meeting of FinecoBank S.p.A. appointed the new corporate bodies of the Bank and the Board of Statutory Auditors.

Interim Report on Operations

INTRODUCTION TO THE HALF-YEAR INTERIM FINANCIAL REPORT

This half-year interim financial report at June 30, 2014 has been prepared in accordance with art. 154-ter, paragraph 2, of Legislative Decree no. 58 of February 24, 1998; it includes:

- the **condensed half-year financial statements** have been drawn up in accordance with the recognition and valuation criteria set out in the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and approved by the European Commission; specifically, these interim financial statements comply with the international accounting standard applicable to interim financial reports (IAS 34); the financial statements are presented with a comparison to those of 2013: as required by IAS 34, the balance sheet figures have been compared with those at December 31, 2013, while the income statement, statement of comprehensive income, changes in equity and cash flow statement figures have been compared with the corresponding figures for the first half of the previous year;
- the **Notes to the Accounts**, which include, in addition to the detailed information required by IAS 34, presented according to the schedules used in the financial statements, the additional information required by Consob and any information that was deemed useful for a correct representation of the business situation;
- the **interim report on operations**, which includes the condensed accounts, comments on the results for the period and on significant events, as well as the additional information requested by Consob;
- the **condensed half-year financial statements certification** pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended.

SUMMARY DATA

Condensed Accounts

Balance Sheet

ASSETS	06.30.2014	12.31.2013	Changes Amount	Changes %
Cash and cash balances	14	5	9	180.0%
Financial assets held for trading	10,407	4,700	5,707	121.4%
Loans and receivables with banks	13,476,117	16,330,912	(2,854,795)	-17.5%
Loans and receivables with customers	696,142	641,250	54,892	8.6%
Financial investments	1,715,320	93,114	1,622,206	1742.2%
Hedging instruments	35,637	179,265	(143,628)	-80.1%
Property, plant and equipment	11,391	10,772	619	5.7%
Goodwill	89,602	89,602	-	-
Other intangible assets	7,915	8,014	(99)	-1.2%
Tax assets	42,891	67,934	(25,043)	-36.9%
Other assets	227,865	256,629	(28,764)	-11.2%
Total assets	**16,313,301**	**17,682,197**	**(1,368,896)**	**-7.7%**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	06.30.2014	12.31.2013	Changes Amount	Changes %
Deposits from banks	1,026,852	1,648,675	(621,823)	-37.7%
Deposits from customers	13,911,224	12,732,309	1,178,915	9.3%
Debt securities in issue	421,965	2,322,511	(1,900,546)	-81.8%
Financial liabilities held for trading	4,867	2,301	2,566	111.5%
Hedging instruments	48,960	178,574	(129,614)	-72.6%
Provisions for risks and charges	110,507	109,354	1,153	1.1%
Tax liabilities	52,975	37,701	15,274	40.5%
Other liabilities	264,249	231,623	32,626	14.1%
Shareholders' equity	471,702	419,149	52,553	12.5%
- capital and reserves	*392,928*	*329,719*	*63,209*	*19.2%*
- revaluation reserves for available-for-sale financial assets and actuarial gains (losses) from defined benefit plans	*4,912*	*4,214*	*698*	*16.6%*
- net profit (loss)	*73,862*	*85,216*	*(11,354)*	*-13.3%*
Total liabilities and shareholders' equity	**16,313,301**	**17,682,197**	**(1,368,896)**	**-7.7%**

(Amounts in € thousand)

Balance Sheet - Quarterly data

ASSETS	06.30.2014	03.31.2014	12.31.2013	09.30.2013	06.30.2013
Cash and cash balances	14	7	5	7	8
Financial assets held for trading	10,407	8,405	4,700	5,600	5,606
Loans and receivables with banks	13,476,117	17,084,534	16,330,912	16,305,247	17,008,411
Loans and receivables with customers	696,142	669,141	641,250	550,292	561,002
Financial investments	1,715,320	93,934	93,114	92,406	102,329
Hedging instruments	35,637	130,687	179,265	160,226	158,275
Property, plant and equipment	11,391	10,718	10,772	9,615	8,697
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	7,915	8,055	8,014	7,683	7,879
Tax assets	42,891	48,420	67,934	43,089	44,178
Other assets	227,865	170,281	256,629	201,573	178,414
Total assets	**16,313,301**	**18,313,784**	**17,682,197**	**17,465,340**	**18,164,401**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	06.30.2014	03.31.2014	12.31.2013	09.30.2013	06.30.2013
Deposits from banks	1,026,852	1,590,439	1,648,675	1,459,707	1,673,720
Deposits from customers	13,911,224	13,473,654	12,732,309	12,743,633	12,496,550
Debt securities in issue	421,965	2,322,527	2,322,511	2,324,047	3,076,452
Financial liabilities held for trading	4,867	7,902	2,301	4,998	4,853
Hedging instruments	48,960	130,411	178,574	159,649	157,436
Provisions for risks and charges	110,507	109,346	109,354	101,031	99,860
Tax liabilities	52,975	38,770	37,701	52,593	37,475
Other liabilities	264,249	184,969	231,623	206,909	228,392
Shareholders' equity	471,702	455,766	419,149	412,773	389,663
- capital and reserves	*392,928*	*414,934*	*329,719*	*329,718*	*329,718*
- revaluation reserves for available-for-sale financial assets and for actuarial gains (losses) from defined benefit plans	*4,912*	*3,906*	*4,214*	*3,636*	*3,683*
- net profit (loss)	*73,862*	*36,926*	*85,216*	*79,419*	*56,262*
Total liabilities and shareholders' equity	**16,313,301**	**18,313,784**	**17,682,197**	**17,465,340**	**18,164,401**

(Amounts in € thousand)

Income statement

	06.30.2014	06.30.2013	Changes	
			Amount	%
Net interest	115,940	95,905	20,035	20.9%
Net fee and commission income	97,029	81,805	15,224	18.6%
Net trading, hedging and fair value income	12,889	15,808	(2,919)	-18.5%
Net other expenses/income	(1,572)	(354)	(1,218)	344.1%
OPERATING INCOME	**224,286**	**193,164**	**31,122**	**16.1%**
Payroll costs	(31,835)	(30,990)	(845)	2.7%
Other administrative expenses	(106,991)	(92,607)	(14,384)	15.5%
Recovery of expenses	37,542	28,054	9,488	33.8%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(3,942)	(3,491)	(451)	12.9%
Operating costs	**(105,226)**	**(99,034)**	**(6,192)**	**6.3%**
OPERATING PROFIT (LOSS)	**119,060**	**94,130**	**24,930**	**26.5%**
Net impairment losses on loans and provisions for guarantees and commitments	(1,291)	(1,355)	64	-4.7%
NET OPERATING PROFIT (LOSS)	**117,769**	**92,775**	**24,994**	**26.9%**
Provisions for risks and charges	(2,951)	(360)	(2,591)	719.7%
Net income from investments	-	(6)	6	-100.0%
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**114,818**	**92,409**	**22,409**	**24.2%**
Income tax for the period	(40,956)	(36,147)	(4,809)	13.3%
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**73,862**	**56,262**	**17,600**	**31.3%**
NET PROFIT (LOSS) FOR THE PERIOD	**73,862**	**56,262**	**17,600**	**31.3%**

(Amounts in € thousand)

Income statement - Quarterly data

	2014		2013			
	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	57,607	58,333	43,119	41,254	47,525	48,380
Net fee and commission income	49,311	47,718	45,358	39,573	40,636	41,169
Net trading, hedging and fair value income	5,810	7,079	6,416	6,057	6,841	8,967
Net other expenses/income	(758)	(814)	(4,025)	(585)	(914)	560
OPERATING INCOME	**111,970**	**112,316**	**90,868**	**86,299**	**94,088**	**99,076**
Payroll costs	(16,065)	(15,770)	(16,474)	(15,874)	(15,650)	(15,340)
Other administrative expenses	(55,029)	(51,962)	(41,965)	(40,064)	(44,408)	(48,199)
Recovery of expenses	18,735	18,807	14,624	14,319	13,985	14,069
Amortisation, depreciation and impairment losses on intangible and tangible assets	(2,037)	(1,905)	(2,654)	(1,936)	(1,779)	(1,712)
Operating costs	**(54,396)**	**(50,830)**	**(46,469)**	**(43,555)**	**(47,852)**	**(51,182)**
OPERATING PROFIT (LOSS)	**57,574**	**61,486**	**44,399**	**42,744**	**46,236**	**47,894**
Net impairment losses on loans and provisions for guarantees and commitments	(826)	(465)	(1,320)	(600)	(565)	(790)
NET OPERATING PROFIT (LOSS)	**56,748**	**61,021**	**43,079**	**42,144**	**45,671**	**47,104**
Provisions for risks and charges	422	(3,373)	(11,584)	(4,115)	2,346	(2,706)
Net income from investments	-	-	-	-	(6)	-
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**57,170**	**57,648**	**31,495**	**38,029**	**48,011**	**44,398**
Income tax for the period	(20,234)	(20,722)	(25,698)	(14,872)	(18,773)	(17,374)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**36,936**	**36,926**	**5,797**	**23,157**	**29,238**	**27,024**
NET PROFIT (LOSS) FOR THE PERIOD	**36,936**	**36,926**	**5,797**	**23,157**	**29,238**	**27,024**

(Amounts in € thousand)

Main balance sheet figures

	06.30.2014	12.31.2013	Changes Amount	%
Loan receivables with customers (1)	410,800	421,784	(10,984)	-2.6%
Total assets	16,313,301	17,682,197	(1,368,896)	-7.7%
Customer direct sales (2)	13,731,112	12,518,293	1,212,819	9.7%
Customer indirect sales (3)	33,465,147	31,088,364	2,376,783	7.6%
Total customer sales (direct and indirect)	47,196,259	43,606,657	3,589,602	8.2%
Shareholders' equity	471,702	419,149	52,553	12.5%

(Amounts in € thousand)

(1) Loans receivable with ordinary customers refer solely to loans granted to customers (current account overdrafts, credit cards and personal loans);
(2) Customer direct sales include overdrawn current accounts, Supersave repos and the Cash Park deposit account;
(3) Customer indirect sales consist of products placed online or through the sales networks of FinecoBank.

KEY FIGURES

Operating Structure

	06.30.2014	*12.31.2013*	*06.30.2013*
No. of Employees	975	965	952
No. of Human Resources	989	976	965
No. of Financial Advisors	2,500	2,438	2,394
No. of Operating financial outlets	320	311	301

Number of human resources: includes permanent employees, atypical employees, Directors and Group employees seconded to FinecoBank, net of FinecoBank employees seconded to the Group.
Number of operating financial outlets: financial outlets managed by the Bank and financial outlets managed by financial advisors (Fineco Center).

Profitability, productivity and efficiency ratios

	06.30.2014	*12.31.2013*	*06.30.2013*
Net interest/Operating income	51.69%	48.68%	49.65%
Income from brokerage and other income/Operating income	48.31%	51.32%	50.35%
Income from brokerage and other income/Operating costs	102.97%	100.53%	98.21%
Cost/income ratio	46.92%	51.05%	51.27%
Operating costs/TFA	0.46%	0.45%	0.49%
Cost of risk	62 bp	83 bp	74 bp
ROE	36.58%	23.58%	33.97%
Return on assets	0.45%	0.48%	0.31%
EVA	65,900	68,142	47,747
RARORAC	80.19%	39.38%	55.30%
ROAC	89.88%	49.25%	65.17%
Total customer sales/Average employees	48,037	45,306	42,961
Total customer sales/(Average employees + average PFAs)	13,674	13,056	12,412

(Amounts in € thousand)

Key
Income from brokerage and other income: Net fee and commission income, Net trading, hedging and fair value income and Net other expenses/income.

Operating costs/TFA: ratio of operating costs to Total Financial Assets (direct and indirect sales). Operating costs as at June 30, 2014 and June 30, 2013 have been annualized; The TFA used for the ratio is the average for the period, calculated as the average between the period-end balance and the balance as at the previous December 31.

Cost of risk: ratio between net impairment losses on loans and the average loans and receivables with ordinary customers. Net impairment losses on loans as at June 30, 2014 and June 30, 2013 have been annualized; Average ordinary loans to customers were calculated as the average between the period-end balance and the balance as at the previous December 31.

ROE: the denominator used to calculate the index in question is the average shareholders' equity for the period (excluding dividends expected to be distributed and the revaluation reserves). The net profit for the period has been annualized.

Return on assets: ratio of annualized net profit to total assets.

EVA (Economic Value Added): shows the firm's ability to create value; calculated as the difference between net operating profit and the figurative cost of the allocated capital.

RARORAC (Risk adjusted Return on Risk adjusted Capital): which is the ratio between EVA and Allocated/Absorbed Capital and expresses, in percentage, the capacity to create value for unit of risk taken.

ROAC (Return on Allocated Capital): is the ratio of Net Operating Profit and Allocated Capital. The Allocated Capital is intended as the greater of internally calculated capital based on shared UniCredit Group models (Economic Capital) and regulatory capital. The regulatory capital used to calculate the indicators EVA, RARORAC and ROAC is calculated on a consolidated basis. To calculate the indicators as at June 30, 2014, the figure for internal capital is that at March 31, 2014, which is the latest available figure provided by the Parent Company.

Balance Sheet indicators

	06.30.2014	*12.31.2013*
Loan receivables with ordinary customers/Total assets	2.52%	2.39%
Loans and receivables with banks/Total assets	82.61%	92.36%
Financial assets/Total assets	10.58%	0.55%
Direct Sales/Total liabilities and shareholders' equity	84.17%	70.80%
Debt securities in issue/Total liabilities and shareholders' equity	2.59%	13.13%
Shareholders' equity (including profit)/Total liabilities and shareholders' equity	2.89%	2.37%
Loans and receivables with ordinary customers/Customer direct sales	2.99%	3.37%

Credit quality	*06.30.2014*	*12.31.2013*
Impaired loans/Loan receivables with ordinary customers	1.19%	1.12%
Non-performing loans/Loan receivables with ordinary customers	0.83%	0.78%
Coverage (1) - Non-performing loans	80.93%	81.45%
Coverage (1) - Doubtful loans	67.62%	67.41%
Coverage (1) - Past-due impaired loans	44.16%	45.91%
Coverage (1) - Total impaired loans	77.06%	77.66%

(1) Calculated as the ratio between the amount of impairment losses and gross exposure.

Solvency indicators

	06.30.2014	*12.31.2013*
Common Equity Tier 1 Capital Ratio (Tier 1 capital/Risk-weighted assets -TIER 1 capital ratio at December 31, 2013)	19.50%	12.25%
Total Own Funds Capital Ratio (Regulatory capital/Risk-weighted assets - Total capital ratio at December 31, 2013)	19.50%	12.25%

The “Common Equity Tier 1 capital ratio” and the “Total Own Funds capital ratio” at June 30, 2014 were calculated by applying the supervisory regulations in force according to the Basel III regulatory framework.

At December 31, 2013, the RWAs used to calculate the Tier 1 Capital ratio and the Total capital ratio were determined by applying the Basel II supervisory regulations, supplementing the total capital requirements of the Basel I “floor”, which corresponds to the positive difference between 80% of the capital requirements calculated on the basis of regulations in force as at December 31, 2006, and the sum of capital requirements for credit, counterparty, market and operational risks, calculated using the Basel II provisions.

BUSINESS PERFORMANCE AND MAIN INITIATIVES IN THE PERIOD

FinecoBank is a direct bank operating as a one-stop solution provider in Italy, offering the retail customer segment a full range of banking and investment products and services through a multi-channel structure that includes its own network of financial advisors, its own website and a number of ad hoc mobile applications, with the support of the UniCredit Group contact center and branches.

The products and services offered by FinecoBank include: (i) banking services, including current account and deposit services, payment services, and issuing debit, credit and prepaid cards (banking); (ii) order execution services on customers' behalf, trading on own account, receipt and passing on of orders, with direct access to major global equity markets and the ability to trade in CFDs (on currencies, indices, shares, bonds and commodities), futures, options, bonds, ETFs and certificates (brokerage); and (iii) placement and distribution services of more than 5,000 products, including mutual funds and SICAV sub-funds managed by 64 leading Italian and international investment firms, insurance and pension products, as well as consulting services in the investment field (investing).

As at June 30, 2014, FinecoBank had 930,724 customers, 54,000 of whom were acquired during the reporting period (+17% compared to the same period of the previous year) and Total Financial Assets (TFA) amounted to €47,196 million (+8.2% compared to December 31, 2013).

Main events during the period

In order to fully leverage FinecoBank's assets and support its growth, on April 15, 2014 the Shareholders' meeting, upon proposal of the Board of Directors, approved the proposal for admission to listing on the MTA (Mercato Telematico Azionario) of FinecoBank ordinary shares.

The listing and consequent expansion of the shareholder base will enable the Bank to strengthen the visibility of its business model, thereby improving its standing in the market, thanks also to national and international institutional investors becoming shareholders of the bank.

After the FinecoBank listing project began, in the meeting of April 15, 2014, the Board of Directors approved the new 2014-2018 Multi-Annual Plan. The new Plan, which amends the plan approved by the Board of Directors on March 10, 2014, takes into account the effects of the new liquidity investment policy as from April 1, 2014, the costs for the new incentive system for employees and financial advisors and the costs related to the listing process.

On the same date - in line with best practice and the recommendations of the Corporate Governance Code of listed companies and in accordance with the remuneration policies in place - the Board of Directors of FinecoBank approved the adoption of a remuneration scheme aimed at incentivizing, retaining and motivating senior managers, "key people" (intended as other Managers and Employees of the Company who, due to the importance and critical nature of their role as well as their skills and potential can affect the company's economic performance and sustainability) and Financial Advisors.

As for the new liquidity investment policy, on March 27, 2014, the Board of Directors approved the first allocations in view of the listing, which were carried out as of April 1, 2014. Specifically, UniCredit Securities with maturities ranging from 2 years and 10 months to 7 years and 6 months were purchased for an amount corresponding to "Core" liquidity (the most stable component, which amounts to €7.8 billion). These types of investment were determined by taking into account the overall structure of the Bank's financial statements and in a risk/reward optimization perspective. The portion of liquid assets classified as "Non Core" was invested in Italian government bonds for a nominal amount of €1.5 billion. At the same time, derivative contracts were entered into at the same time in order to convert the fixed rate into a floating rate, in compliance with pre-defined limits on interest rate risk; residual Non Core liquidity continued to be invested in the current account held with the parent UniCredit.

On June 27, 2014, the Bank announced the outcome of the global offering - which set the price at €3.7 per share, equivalent to a market capitalization of the bank of €2,243 million. The global offering concerned 181,883,000 ordinary shares, representing 30% of the share capital of the Bank. Overall, taking into account both the public offering and the institutional placement, requests were received for 609,079,891 shares by 46,534 applicants, with a total demand equal to 2.9 times the offer.

Trading of the shares started on July 2, 2014.

On July 17, 2014, the coordinators of the FinecoBank ordinary shares global offering (the "'Global Offering"), UBS Investment Bank and UniCredit Corporate & Investment Banking, exercised the greenshoe option granted by UniCredit for 27,283,000 shares, representing all the over-allotted shares. The purchase price of the shares issued under the greenshoe option was €3.7 per share - corresponding to the offer price set in the Global Offering - for a gross amount of €100,947,100.

Payment of the shares under the greenshoe option was made on July 22, 2014.

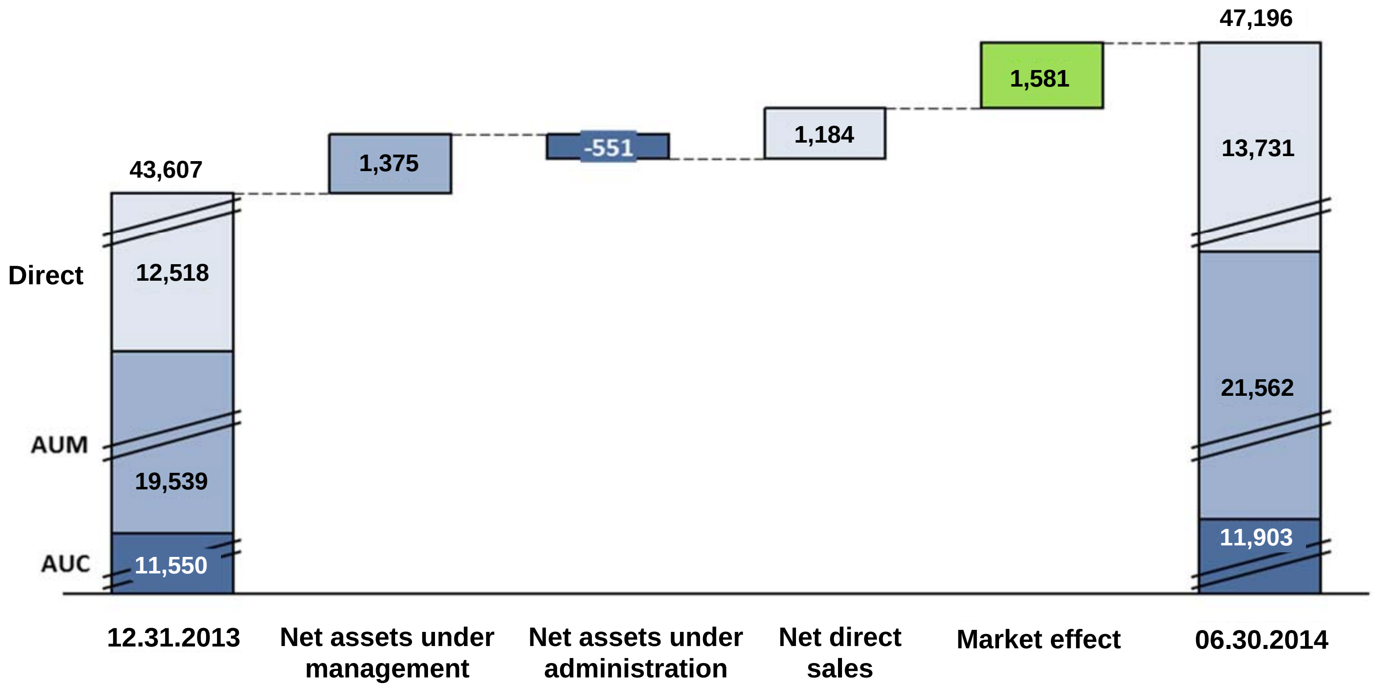
Performance of balance sheet aggregates

Total customer sales (direct and indirect) as at June 30, 2014 came to €47,196 million, an increase of 8.2% compared to the end of 2013, thanks to net sales of €2,008 million and a positive effect driven by market performance of €1,581 million.

Indirect customer sales (Assets under Management-AUM plus Assets under Custody-AUC) amounted to €33,465 million, compared to €31,088 million as at December 31, 2013, up by 7.6%, confirming a constant growth trend and ongoing improvement in sales quality. In this respect, the growth in "guided products & services" [1]should be pointed out, which continued to increase as a percentage of TFA, rising from 12.70% as at December 31, 2013 to 13.90% as at June 30, 2014.

Direct sales also showed consistent growth, driven by the increasing number of new customers, thus confirming their appreciation for the quality of the services. Direct sales mainly consist of 'transactional' deposits that support all customers' transactions, confirming the high and increasing degree of customer loyalty, which in turn contributes to improving the quality and stability of direct sales.

[1]Respectively FinecoBank products and/or services developed by investing in UCITs selected from among those distributed for each *asset class* taking into account customers' different risk profiles and offered to FinecoBank customers under the guided open architecture model. At the date of this interim report, the *guided products* category includes the "Core Series" umbrella fund of funds and the "Core Unit" *unit-linked policy*, while the "Fineco Advice" advanced advisory service (investment) falls into the *guided service* category.



AUC = Assets under custody
AUM = Assets under management
TFA = Total Financial Assets (direct and indirect sales)

The table below shows the figures for the balance of direct sales, assets under management and assets under administration of Fineco customers, including both those linked to a financial advisor and online customers.

Assets under administration and under management

	06.30.2014	*%*	*12.31.2013*	*%*	*Change*	*% Change*
Current accounts and demand deposits	11,855,287	25.1%	10,666,629	24.5%	1,188,658	11.1%
Time deposits and reverse repos	1,875,825	4.0%	1,851,664	4.2%	24,161	1.3%
BALANCE DIRECT SALES	**13,731,112**	**29.1%**	**12,518,293**	**28.7%**	**1,212,819**	**9.7%**
Segregated accounts	15,077	0.0%	41,901	0.1%	(26,824)	-64.0%
UCITS and other investment funds	19,579,138	41.5%	17,691,343	40.6%	1,887,795	10.7%
Insurance products	1,968,314	4.2%	1,805,235	4.1%	163,079	9.0%
BALANCE ASSETS UNDER MANAGEMENT	**21,562,529**	**45.7%**	**19,538,479**	**44.8%**	**2,024,050**	**10.4%**
Government securities, bonds and stocks	11,902,618	25.2%	11,549,885	26.5%	352,733	3.1%
BALANCE ASSETS UNDER ADMINISTRATION	**11,902,618**	**25.2%**	**11,549,885**	**26.5%**	**352,733**	**3.1%**
BALANCE DIRECT AND INDIRECT SALES	**47,196,259**	**100.0%**	**43,606,657**	**100.0%**	**3,589,602**	**8.2%**
of which Guided products & services						
- Core series and Core Unit	4,208,652	64.1%	3,753,402	67.7%	455,250	12.1%
- Advice	2,356,367	35.9%	1,792,844	32.3%	563,523	31.4%

(Amounts in € thousand)

The table below shows the figures for the balance of direct sales, assets under management and assets under administration of only the personal financial advisors network.

Assets under administration and under management - Financial Advisors Network - Source Assoreti

	06.30.2014	*%*	*12.31.2013*	*%*	*Change*	*% Change*
Current accounts and demand deposits	8,326,223	21.2%	7,390,277	20.4%	935,946	12.7%
Time deposits and reverse repos	1,330,309	3.4%	1,319,221	3.6%	11,088	0.8%
BALANCE DIRECT SALES	**9,656,532**	**24.5%**	**8,709,498**	**24.1%**	**947,034**	**10.9%**
Segregated accounts	15,077	0.0%	41,901	0.1%	(26,824)	-64.0%
UCITS and other investment funds	19,196,941	48.8%	17,344,996	47.9%	1,851,945	10.7%
Insurance products	1,870,419	4.8%	1,703,434	4.7%	166,985	9.8%
BALANCE ASSETS UNDER MANAGEMENT	**21,082,437**	**53.6%**	**19,090,331**	**52.7%**	**1,992,106**	**10.4%**
Government securities, bonds and stocks	8,615,054	21.9%	8,392,123	23.2%	222,931	2.7%
BALANCE ASSETS UNDER ADMINISTRATION	**8,615,054**	**21.9%**	**8,392,123**	**23.2%**	**222,931**	**2.7%**
BALANCE DIRECT AND INDIRECT SALES	**39,354,023**	**100.0%**	**36,191,952**	**100.0%**	**3,162,071**	**8.7%**

(Amounts in € thousand)

Performance of income statement aggregates

Profit before tax amounted to €114.8 million (+24.2%).

Profit before tax increased sharply compared to the same period of the previous year, due to the improvement in net interest margin (up €20 million) attributable to both the increase in volumes and the revision of liquidity investment policies. Net fee and commission income posted an 18.6% increase, thanks to both asset management commissions and the improvement in trading commissions as a result of the increase in the number of executed orders.

This confirms the success of a strategy that for years has targeted diversification and the introduction of new products and services. Thanks to this positioning, customers have maintained and strengthened their relationship with FinecoBank, precisely because, by using the platform or through the advice of financial advisors, they could find all the necessary products and services to carry out their banking transactions and their investment and trading strategies.

Communications and external relations

The positioning strategy of "La Banca che semplifica la banca" (The Bank that Simplifies Banking) continued to take root among the target audience, thanks above all to major communications bursts that confirmed TV and radio (through programming 70% focused on informative content) as the fundamental media for reaching significant awareness thresholds.

More specifically, two advertising bursts were run in the first half of 2014: the first in January and February, and the second between late May and mid-June, timed to coincide with the lead-up to Fineco’s listing on the market.

Both advertising campaigns were centred on the slogan “Semplice come immaginare” (Simple, just like a dream), with the aim of anchoring memories of the advertising campaign implemented in 2013 and consolidating Fineco's brand awareness.

The two “Member gets Member” campaigns were planned in parallel with bursts of corporate communications, in order to maximize their effectiveness. Overall, the two promotions resulted in approximately 20,000 new accounts being opened.

Fineco is still the Italian bank with the most followers (over 7,000) on Twitter, while its fan page on Facebook has passed the 21,000-fan mark, with very high levels of interaction and engagement.

“Local” marketing activities also intensified, with Personal Financial Advisors attending and participating in these activities. In addition to the proven “Formats” (educational-business meetings with clients and prospects), the golf competitions ("Fineco Golf Club") and the "Apex” events designed for top clients were especially successful.

COMMERCIAL ACTIVITIES AND DEVELOPMENT OF NEW PRODUCTS AND SERVICES

The main commercial activities, products and services provided in the first half of 2014 - which involved all the Bank’s departments and units, within their respective areas, and consisted of feasibility studies, subsequent implementation and sale/placement - are summarized below:

- extension of the “Member Get Member” campaign;
- introduction of CFDs on shares, new derivative instruments to invest in the American and British markets directly in euro in intraday mode, with no need for a specific authorization, with zero trading commissions and free information;
- release of the new Logos platform, which provides 100 additional tools including shares, indices, currencies, commodities and bonds of the major world markets, new graphics, new functions (users can now search tools, customize views and check P&L in a single screen) and faster order entry through the simultaneous opening of multiple chips;
- release of the “MoneyMap” app for smartphone on the App Store and Google Play. The “MoneyMap” app provides additional functions compared to the desktop version, including the ability to assign a reminder to each expense, categorize cash expenses and withdrawals as soon as they are made, add a tag or a description for each transaction, add a location for a charge directly from the user's smartphone, take a picture of the product or the receipt and match it to a payment that has just made. In addition there are new online features such as the ability to assign keywords (tags) to account transactions, view transactions by item and access account transactions directly from the Brand Map;
- release of a new version of the public area of the Fineco website, with a new design and a more vertical layout, updated with the most recent web technologies and design;
- introduction of the new ADVICE UNIT solution. This is a unit-linked life insurance by Skandia Vita S.p.A., exclusively distributed by Fineco, which allows for maximum customization of investments while ensuring the financial efficiency provided by the “Advice” advisory service;
- introduction of the “Logos” current account for trading on Logos CFDs. The Logos account does not provide the services typically associated with current accounts: debit and credit cards, cheques, direct debits of utility bills, loans and credit lines. On the other hand, it can be used to transfer money in and out of the account as well as to receive, transmit and execute orders (including trading for own account) on the market, limited to Logos CFDs. The Logos account is available online via a desktop platform and a mobile app for tablets and Apple and Android smartphones.

FINECO'S COMPETITIVE POSITIONING

Evolution of Italian households' wealth

Our country is characterized by significant household wealth and a historically strong propensity to save. The net wealth of Italian households at the end of 2012 was approximately €9,438 billion (source: Bank of Italy, *The Wealth of Italian households, 2013*), 40% of which (€3,670 billion) is invested in financial assets.

On an international level, Italian households show a comparatively high net wealth, amounting in 2011 to 7.9 times their gross disposable income; this ratio is comparable to that of France, the UK and Japan, and higher than that of the United States, Germany and Canada, with a 12% savings rate, which is stable and above the European average (11.3%), despite the crisis (Source: Eurostat - recalculated rate).

Given increasing market complexity and a growing need for professionally managed investments, Italians have shown an increasing propensity to rely on financial advisors when selecting their investments.

Estimates of assets under management by distribution channel - AuM - 16F
(Billions of euro) [2]

	2011	2012	2013F	2014F	2015F	2016F	CAGR 11-13 (%)	CAGR 13F-16F (%)
Bank branches	269.6	273.3	304.3	326.9	345.0	363.2	6.2	6.1
Financial advisors	113.1	128.0	144.9	161.0	177.0	194.6	13.2	10.3
Institutional	368.3	407.3	427.9	452.8	478.0	502.8	7.8	5.5
Total	**751.0**	**808.6**	**877.1**	**940.7**	**1,000.0**	**1,060.6**	**8.1**	**6.5**

Source: Prometeia, *Osservatorio risparmi delle famiglie 2013* [Household savings monitor 2013], November 2013 edition

[2] Figures net of duplications

Impact of the digitization of the market

In recent years there has been an increasing digitization of Italian society, directly related to demographic and technological factors.

In the new, integrated multi-channel approach, as a general rule no individual channel is used exclusively, as customers tend to combine them according to their preferences and current needs; accordingly, it has become increasingly frequent for *banking* services to be offered together with *brokerage* and *investing* services.

Fineco's products and services and main business segments

Banking

Fineco offers its clients a full range of direct banking services (mainly through *online* and *mobile* channels) that are comparable to those offered by traditional banks and competitors in this segment.

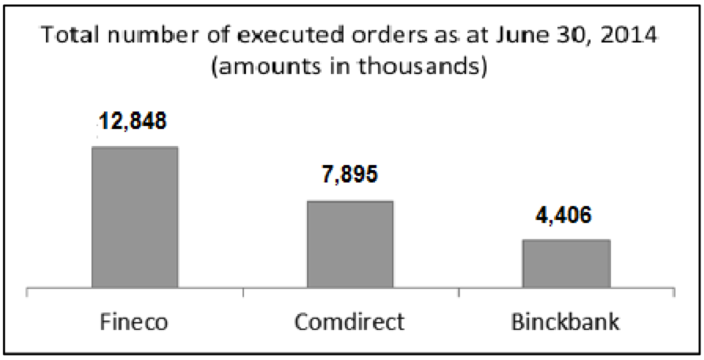
Fineco has successfully increased its market share (estimated on the basis of direct sales), from 0.96% as at March 31, 2013 to 1.03% as at March 31, 2014, thanks to more robust growth than elsewhere in the industry (+3.98% vs +0.70% growth in the banking system).

Brokerage

Over time, Fineco has developed and consolidated a strong presence in the *brokerage* segment by offering order execution services on customers' behalf. As part of its brokerage activities Fineco also engages in proprietary trading.

The Bank has been a *leading* player in the Italian stock market since 2004.

In addition, Fineco ranks first among online brokers in Europe by number of executed orders, with 12,847,634 orders executed as at June 30, 2014 (an increase compared to 11,766,905 as at June 30, 2013).



Data source: Half-year reports / Press Releases

Investing

Fineco offers customers a wide range of financial products especially in the asset management sector, proposing the best products from major Italian and international firms, carefully selected through its Investment Services Department; in recent years Fineco has also developed a successful investment advisory service through a dedicated *advisory* platform, exclusively dedicated to financial advisors.

The financial advisory sector recently experienced strong growth in Italy, reaching a record high on March 31, 2014 in terms of assets under management by Assoreti's member firms (€288 billion).

In recent years the range of products and services offered by the networks has also undergone significant changes, centering around a simplification of the business model. The traditional model according to which financial advisors' activities were closely related to the products with the brand name of their respective groups has been gradually changing, making way for more open architectures, with a general enlargement in the product range and a containment of the costs incurred for production.

In this competitive environment, Fineco increased its TFAs by 16% in the 1st half of 2014 compared to the 1st half of 2013, from €33.8 billion to €39.4 billion. The table below (the last available date is March 2014 - Source Assoreti) shows a positive growth trend in Fineco's market share in terms of assets under management.

(Amounts in € million)	MARCH 2014			DECEMBER 2013			MARCH 2013		
	TOTAL ASSORETI	FINECO	MARKET SHARE	TOTAL ASSORETI	FINECO	MARKET SHARE	TOTAL ASSORETI	FINECO	MARKET SHARE
TOTAL ASSETS UNDER MANAGEMENT	**288,143**	**37,885**	**13.1%**	**279,193**	**36,192**	**13.0%**	**264,798**	**33,684**	**12.7%**

Data source: Assoreti Reports

The table below (the last available date is May 2014 - Source Assoreti) reports the net sales of Assoreti member firms, compared with those of Fineco, the latter, showing an increase as a percentage of total Assoreti net sales (from 15.4 to 17.1%).

(Amounts in € million)	MAY 2014			DECEMBER 2013		
	TOTAL ASSORETI	FINECO	AS A %	TOTAL ASSORETI	FINECO	MARKET SHARE
NET SALES	**9,146**	**1,568**	**17.1%**	**16,605**	**2,549**	**15.4%**

Data source: Assoreti Reports

As at May 31, 2014 Fineco ranked second in Italy in terms of net sales, while at March 31, 2014 it ranked third for TFAs and absolute number of financial advisors[2].

The following pages contain the main indicators and results of the main business segments: Brokerage, Banking and Investing.

Given the Bank's specific business model that provides for a high level of integration among its different activities, these segments are interdependent. Indeed the Bank offers its services (banking and investment services) through a network of financial advisors and online and mobile channels that operate in a coordinated and integrated manner.

All the activities were carried out with the aim of obtaining economic results from the "industrial" management of the businesses, to minimise their financial risk. FinecoBank's financial management approach is to manage risks with a view to protecting the industrial returns on the various businesses while not assuming risk positions on its own account.

RESULTS ACHIEVED IN THE MAIN AREAS OF ACTIVITY

BROKERAGE

The first half of the year transactions increased significantly due to renewed optimism among operators and an increasingly wider range of products open to all target customers. Compared to the last period of the previous year the segment of most active customers showed a recovery, but the level of transactions was still far from the activity peaks recorded in recent years. Thus the redistribution of executed orders within the customer base continued; the percentage reduction in transactions carried out by active traders has been progressively offset by the increased number of less active customers who also choose Fineco for investing in the various markets. The continued growth of new customers who made their first market order during this first half of the year bears special mention.

With regard to the individual products' performance, CFDs and Logos - which now account for a significant portion of Fineco brokerage revenues - grew further. The growth of CFDs and Logos also benefited from improvements over the past few months concerning how these two products are offered:

new underlying products, Logos bonuses for non-active users, and a new Logos Desktop platform. Interest revenues on open overnight margin positions also increased compared to 2013. Compared to 2013 Forex revenues decreased, due to low volatility and low market volumes, as did Equity Trading Profit revenues affected by the impact of lower internalized volumes as a result of the Tobin Tax.

In addition to the considerations made with regard to CFDs and Logos, the strategy for product innovation and development continued with the introduction of different services and features:

- new CFDs on U.S. and UK stocks. The "zero commissions" option, so far only applicable to indices and forex, was extended to equities for the first time;

[2] Data source: Assoreti Report

- the new Logos desktop platform that, in addition to a new look and feel and improved usability, saw an increase in the number of instruments that can be traded from approximately 50 to more than 150;
- the Logos bonus through which the bank can target promotional campaigns to specific customers;
- restyling of the markets and trading area with the introduction of new information tools such as the macroeconomic data calendar, the introduction of intraday charts for CFDs, improved news service and improved look and feel of the snapshots;
- ability to enter conditional orders, stop losses and profit taking on listed bonds, including on pre-existing positions;
- in order to extend the range of bonds offered for trading, an offline channel to trade unlisted securities was made available. The number of instruments that can be traded is gradually expanding: the Bank currently has more than 1,000 securities available for trading, plus the approximately 9,000 available online.

The following table shows the number of orders on financial instruments recorded in the first half of 2014 compared to the same period of the previous year.

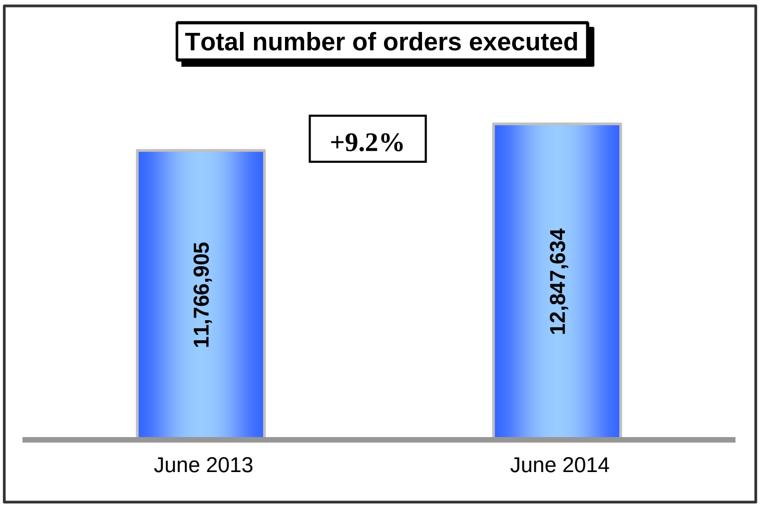
	06.30.2014	*06.30.2013*	*Change*	*% Change*
Orders - Equity Italy (including internalised orders)	3,904,206	3,440,398	463,808	13.5%
Orders- Equity USA	660,165	383,720	276,445	72.0%
Orders- Equity other markets	249,689	169,623	80,066	47.2%
Total equity orders	*4,814,060*	*3,993,741*	*820,319*	*20.5%*
Orders - Bonds	394,050	422,267	(28,217)	-6.7%
Orders - Derivatives	1,569,876	1,601,185	(31,309)	-2.0%
Orders - Forex	549,455	817,704	(268,249)	-32.8%
Orders - CFDs	542,545	315,536	227,009	71.9%
Orders - Funds	1,036,837	961,127	75,710	7.9%
Orders - Repos	17,064	19,809	(2,745)	-13.9%
TOTAL ORDERS	**8,923,887**	**8,131,369**	**792,518**	**9.7%**

The table shows a general increase in orders executed in the first half of 2014 compared to the same period of the previous year, except for a marked decline in Forex orders and a slight contraction in Bonds, Derivatives and Repos; the increase in transactions on foreign equity markets should also be pointed out, which confirms the validity of the product and service diversification model.

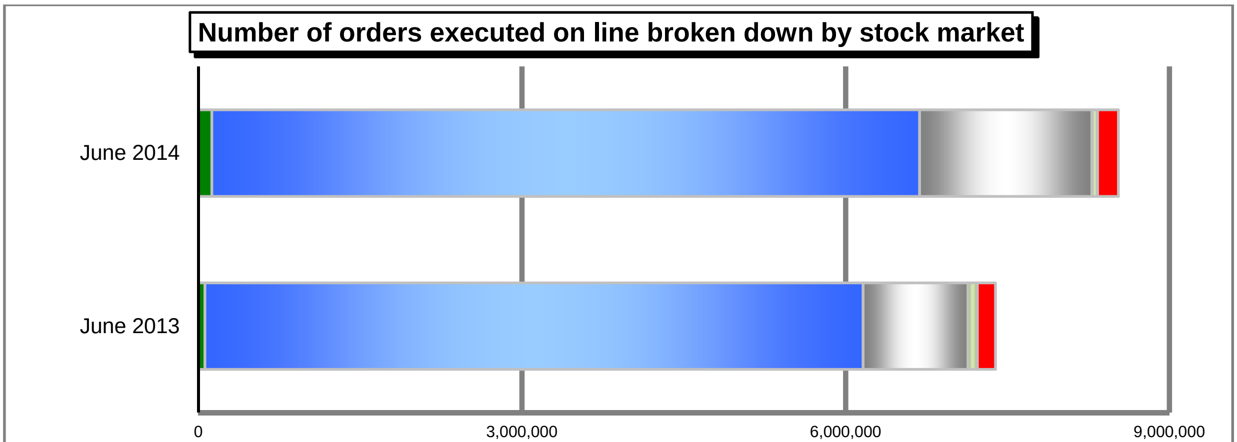
The following table shows the volume of trades carried out as direct counterparty in orders placed by customers, resulting from the internalization of orders received on shares, CFDs and “Logos” products, recorded in the first half of 2014 and first half of 2013. In the first half of 2014 the volumes traded on equity and forex markets recorded a decrease, partially offset by an increase in the volume of "Logos" and CFD transactions.

	06.30.2014	*06.30.2013*	*Change*	*% Change*
Equity (internalisation)	20,821,728	28,589,920	(7,768,192)	-27.2%
Forex	35,329,820	52,925,226	(17,595,406)	-33.2%
CFDs and Logos	7,022,561	3,526,756	3,495,805	99.1%
Total "Internalised" Volumes	**63,174,109**	**85,041,902**	**(21,867,793)**	**-25.7%**

(Amounts in € thousand)



The total number of orders executed refers to transactions carried out by retail and institutional customers for the purchase and sale of shares, bonds, derivatives, forex, CFDs, funds and repos.



	June 2013	June 2014
Other Markets	61,753	126,281
Italy (MTA+AH)	6,100,188	6,558,519
USA	970,568	1,595,786
France	87,885	53,611
Germany	167,258	193,192

Other Markets **Italy (MTA+AH)** **USA** **France** **Germany**

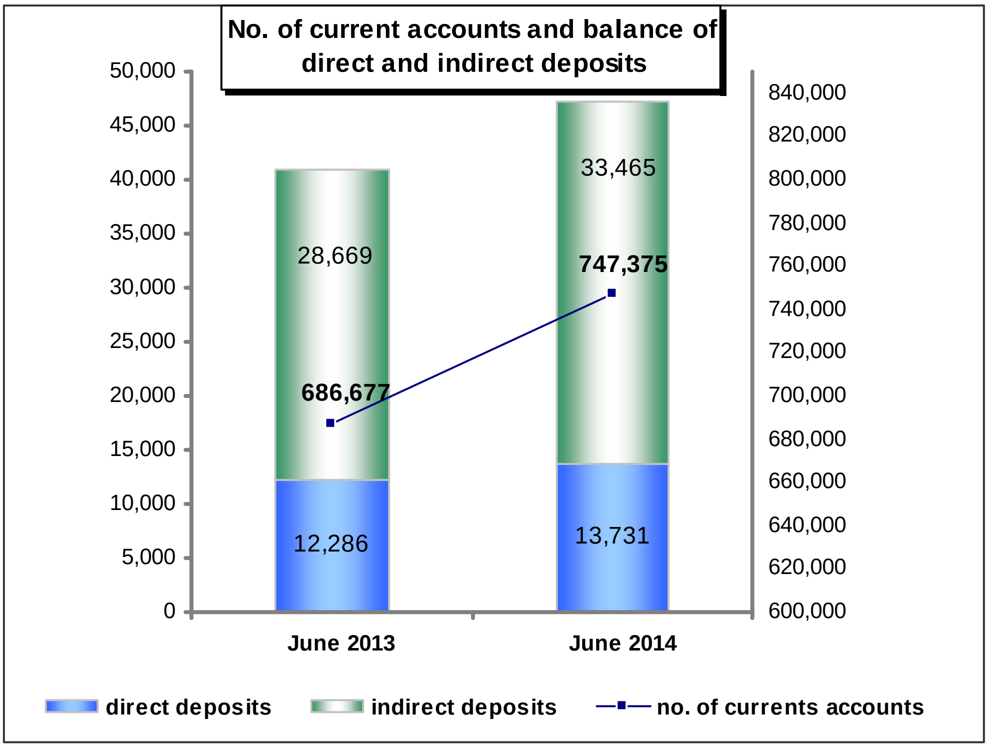
BANKING

Banking

As regards banking products and services, the main innovations concerned the launch of the new “Logos” current account and the simultaneous roll-out of the procedure for sending out digital codes for initial access to the current account restricted area, and the launch of the new “Moneymap” app.

The Logos account is a new current account in euro that enables a limited number of transactions, oriented towards Logos CFDs trading. On this type of account customers cannot request the services usually associated with current accounts, such as debit and credit cards, cheques, direct debit for utility bills and credit lines, while the payment services provided (e.g. bank transfers) are intended for liquidity management and/or transfer transactions that are necessary for and related to the above listed investments; similarly, order reception, transmission and execution services are limited to orders arising from the mentioned Logos CFDs.

The new Moneymap app for smartphones should also be included among the innovations. MoneyMap is Fineco's household budgeting service with full current account integration, providing customers with completely automated tracking of household expenditure.



(Amounts in € thousand)

<u>Credit</u>

During the first half of 2014, the Bank continued to expand its range of credit products and services.

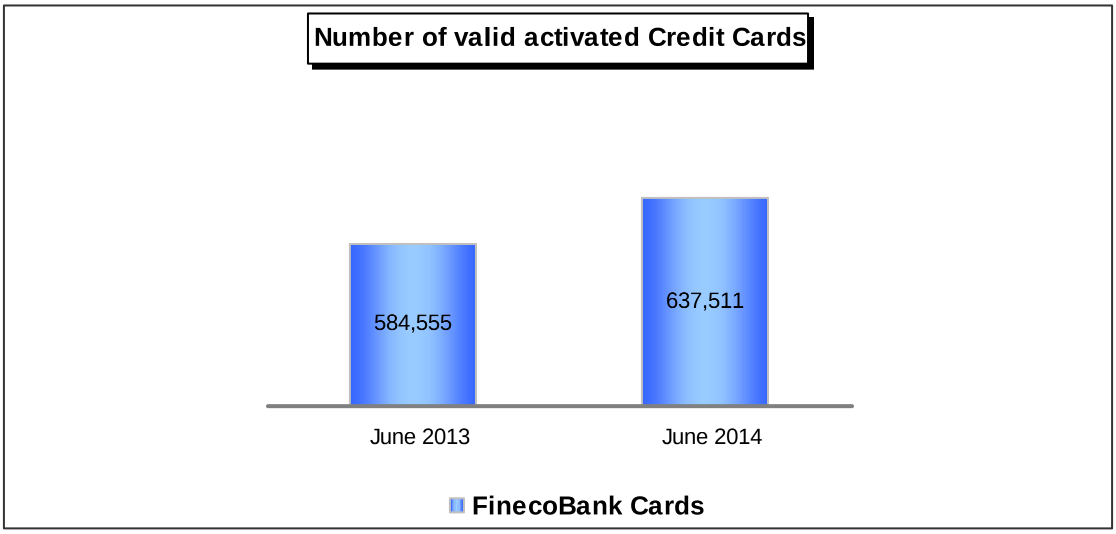
Specifically, as regards the credit cards segment, a number of measures were implemented to increase the efficiency of re-issuing demagnetized cards, with a reduction of shipping times and production costs. As a result, the level of customer satisfaction increased while customer care traffic decreased.

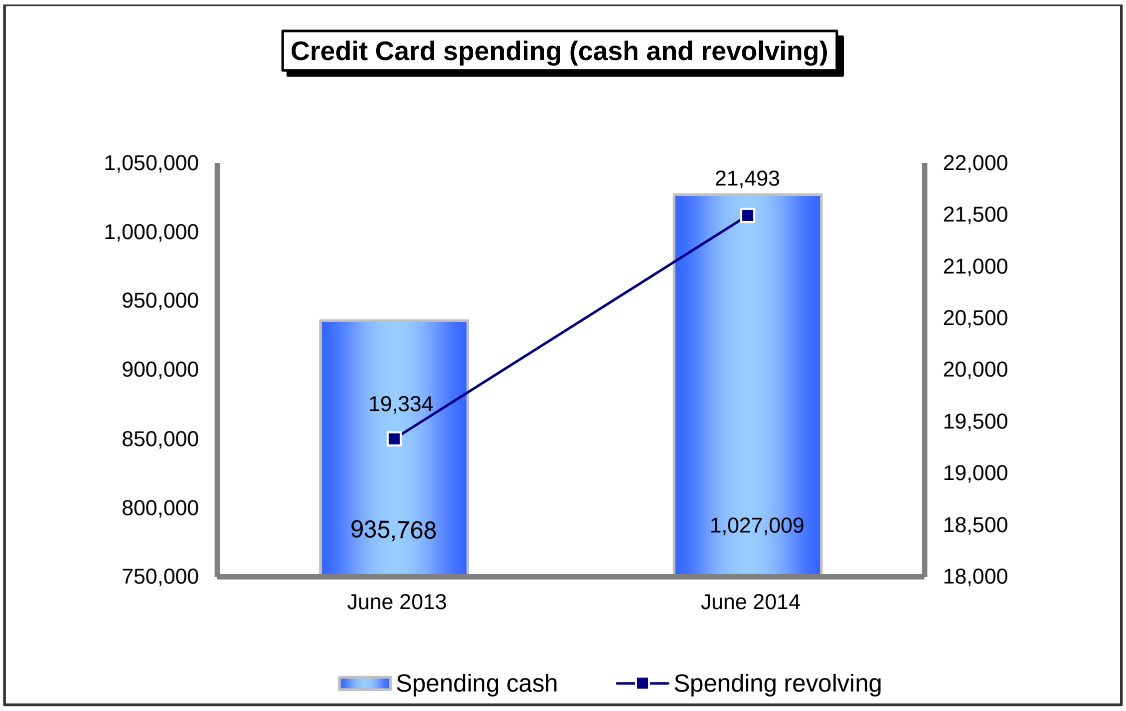
In line with the performance figures for last year, the indicators relating to the credit card sector showed an upward trend. Specifically, a 5% increase was recorded in the number of active credit card holders with full repayment of balance at term, whilst a 6% increase was recorded in the number of customers holding credit cards with instalment payment plans (also known as revolving credit cards). Furthermore, the figure relating to spending, which continues to be the main profitability driver, rose by 8% compared to the previous year, recording an overall sum of more than €1 billion. The spending of revolving cards represented 2% of the total.

At present, 45% of Fineco cards operate on the Visa circuit and the remaining 55% operate on the MasterCard circuit. Spending amounts to 60% on the Visa circuit and 40% on the MasterCard circuit.

Finally, two further developments characterized the first half of the year:

- placement of UniCredit loans: in January the Bank began to place UniCredit loans through the PFA network. The introduction of the new products, which add to the range of existing credit products, is geared towards customer retention;
- loan secured with a lien on SICAVs: to make the offer more commercially attractive, the following SICAVs were included as possible collateral: Pioneer – Fidelity – Pimco – Templeton – Carmignac - Russell Investments - M&G - Black Rock - JP Morgan.





(Amounts in € thousand)

<u>Payment systems</u>

During the first half of 2014 the OU in charge of the Bank payment systems implemented new services and collection and payment procedures stemming both from regulatory changes that have affected the entire banking system and from internal procedures and processes aimed at providing innovative services to customers, including specifically:

- the national TV (RAI) licence payment service, available in the reserved area (www.fineco.it) for Fineco's customers, was migrated to a new technology platform. This innovation enables customers to obtain a real-time receipt for payment of the licence and lower transaction costs;
- direct debit payments (RID) were officially migrated to the new SEPA Direct Debit (SDD) infrastructure;
- the SDD Attivi service was activated for creditor customers only, who already used the RID Attivi service;
- the "Advanced" SEDA service (SEPA Compliant Electronic Database Alignment) was activated for Fineco customers, supplementing the "Basic" service. As of May 2014 the SEDA procedure has replaced the Electronic Database Alignment procedure thereby enabling companies and banks participating in the procedure to exchange information on Sepa Direct Debit instructions before debit instructions are implemented;
- INPDAP and ENPALS pensions are no longer received by bank transfer, but are directly managed by the pension procedure, in the same way as INPS pensions;
- payments through bank transfers and via cross-border transfers were officially migrated to the new SEPA Credit Transfer (SCT) infrastructure regardless of the channel from which the customers' orders originated;
- in accordance with Directive 2007/64/EC (Payment Services Directive - PSD), the Sepa Transfer Recall (RECALL) procedure was introduced both for SCTs received (Passive Recall) and SCTs sent (Active Recall). Under this procedure, both active and passive transfer recalls can be managed automatically on behalf of customers;
- pursuant to art. 27 of Legislative Decree 98/2011, which introduced a favourable tax treatment for young entrepreneurs and redundant workers under mobility programmes, a process has been introduced for managing tax transfers in favour of taxpayers classified in the "minimum" bracket, exonerating withholding agents from applying the withholding tax on credit transfers.

The table below shows the number of transactions carried out during the six-month period ended June 30, 2014 compared with the same period of the previous year.

Number of transactions			
	Jun-13	**Jun-14**	**change %**
Incoming bank transfers	4,024,750	4,405,664	9%
Outgoing bank transfers	3,107,542	2,716,043	-13%
Cards*	31,978,412	36,511,091	14%
Trans. with UCI branches	659,583	688,242	6%
Cheques	97,218	91,518	-6%
Misc. transactions	5,754,163	6,321,237	10%
TOTAL	**45,621,668**	**50,743,795**	**11%**

* POS payments and ATM, Credit Card, Debit Card, VPAY withdrawals, top-ups of Reloadable cards and FAST Pay Payments
** Telepass Family charges, RID direct debits, MAV/RAV, RIBA, mobile phone top-ups, Pensions, F24 Payments and Postal Payments

INVESTING

As part of its business, FinecoBank uses an open architecture business model to offer customers an extremely wide range of asset management products - comprising collective asset management products, such as units of UCITS and SICAV shares - from carefully selected Italian and international investment firms.

As at June 30, 2014, FinecoBank had signed placement agreements with 64 Italian and international investment firms for the distribution of approximately 5,000 UCITS and SICAV sub-funds.

With a view to identifying the best products from the range to propose to customers and thereby optimize service levels, FinecoBank has developed an additional selection process as part of the monitoring of its range of products, aimed at identifying the best products available on the market at any time.

With this goal in mind, investment programmes were created starting in 2011, in partnership with Pioneer Investments as manager. Exclusively targeted to the bank's customers, the investments take the form of funds of funds ("Core Series") that invest in the best funds from among those distributed by the Bank, by individual asset class.

Through its financial advisors, FinecoBank offers its customers a traditional investment advisory service and, since 2010, an advanced advisory service called Fineco Advice.

Fineco Advice is an advisory platform that enables financial advisors to:

- run diagnostics on customer portfolios invested with FinecoBank or with other banks, and conduct a detailed mapping of asset allocation, the risk/return profile of the customer's portfolio, the cost of each individual instrument in which the portfolio is invested and the overall efficiency of the portfolio;
- monitor portfolios invested with FinecoBank, which takes the form of ongoing advice on asset allocation, the selection of individual financial instruments (strongly focused on high quality instruments in terms of ratings and liquidity, among other aspects) and their consistency over time with the risk/return profile selected by the customer.

Through its financial advisors FinecoBank also offers customers the option to subscribe different types of insurance products and supplementary pension products offered by numerous insurance companies or investment firms. Customers can thus benefit from health competition, which reflects on the quality of the products and services offered, and have their varying needs met in relation to different levels of risk appetite.

The table below shows the amount of assets under management of Fineco customers, including both those linked to a financial advisor and online customers.

	06.30.2014	*%*	*12.31.2013*	*%*	*Change*	*% Change*
UCITS and other investment funds	19,579,138	90.8%	17,691,343	90.6%	1,887,795	10.7%
Insurance products	1,968,314	9.1%	1,805,235	9.2%	163,079	9.0%
Segregated accounts	15,077	0.1%	41,901	0.2%	(26,824)	-64.0%
Total managed assets	**21,562,529**	**100.0%**	**19,538,479**	**100.0%**	**2,024,050**	**10.4%**

(Amounts in € thousand)

THE NETWORK OF FINANCIAL ADVISORS

The first half of 2014 was marked by "outstanding" results; the half year was the best ever for FinecoBank, in terms of quantitative and qualitative growth, confirming the constant attention paid to these two factors, which have driven the Bank's growth over the past few years. Specifically, the following results were achieved in the first half of 2014:

- total net sales of €1,773 million;

- net assets under management of €1,355 million;
- net sales of advisory services of €778 million;
- new accounts opened in the first half: 41,050 new accounts.

The focus on advisory services has been and will be one of the central factors for 2014, which has been dubbed "the advisory year”:

- with respect to the "fee only” advisory service called "Fineco Advice", the Bank’s objective has been to reach as wide a coverage as possible, including through intensive training for all levels of the network and setting KPIs for managers, in order for the whole organization to share the focus on this service, which aims to control risk and eliminate conflicts of interest;
- as regards the CORE range, no new CORE Series sub-funds were introduced, with the Bank focusing its attention on the insurance segment (called CORE Unit), introducing the new ADVICE Unit solution: a unit-linked life insurance policy exclusively distributed by Fineco, which allows for maximum customization of investments while ensuring the financial efficiency provided by the “Advice” advisory service.

As for the Wealth Management segment, high-level training courses were organized for participants in the Fineco Wealth Advisor Forum (this training will be gradually extended to the whole network), in order to better target consulting services to the Bank’s private customers, who represent a significant and growing portion of the network: 2% in terms of number of customers (15,035) and 37% in terms of assets (€14,398 million). The year's communication campaigns and promotional initiatives had the same objective of supporting growth and increasing Fineco’s attractiveness to top-end customers. In particular, the advertising campaign (a powerful campaign in terms of intensity and geographical coverage) promotes brand awareness and focuses on the status the Bank is aiming for in terms of positioning.

The promotional initiatives aimed at acquiring new customers were run for longer periods of time and, more importantly, were designed using segmentation criteria that reward the assets transferred, consequently directing efforts towards high-end customers.

With regard to customer events, new formats were introduced for this segment, with exclusive and high-value meetings. In general, the number of events held decreased in the first half of the year, while the quality and returns of those events increased (413 events were held which saw the participation of about 13,300 customers).

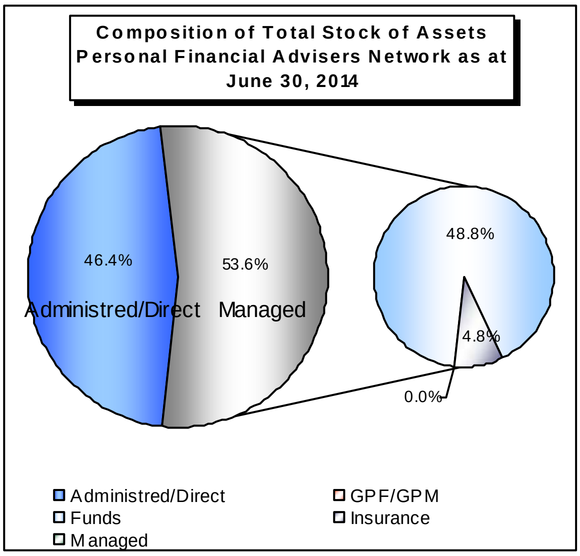
Recruiting has also played an important role. Since the beginning of the year 77 new PFAs have been hired, with a background in banking and networks. In addition to these professionals, 29 “inexperienced” employees were recruited as part of the “youth project”.

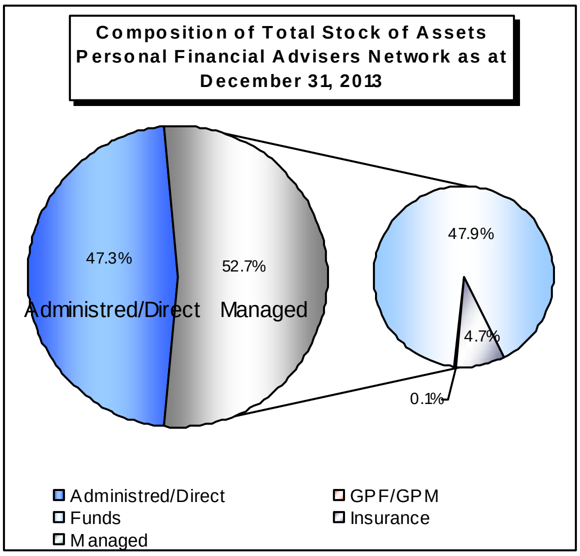
As at June 30, 2014, the network was made up of 2,500 personal financial advisors, who operate countrywide through 320 financial stores (Fineco Centers), managed directly by the Company or by the financial advisors themselves.

Personal Financial Advisors Network - assets

	06.30.2014	*%*	*12.31.2013*	*%*	*Change*	*% Change*
Current accounts and demand deposits	8,326,223	21.2%	7,390,277	20.4%	935,946	12.7%
Time deposits and reverse repos	1,330,309	3.4%	1,319,221	3.6%	11,088	0.8%
BALANCE DIRECT SALES	**9,656,532**	**24.5%**	**8,709,498**	**24.1%**	**947,034**	**10.9%**
Segregated accounts	15,077	0.0%	41,901	0.1%	(26,824)	-64.0%
UCITS and other investment funds	19,196,941	48.8%	17,344,996	47.9%	1,851,945	10.7%
Insurance products	1,870,419	4.8%	1,703,434	4.7%	166,985	9.8%
BALANCE ASSETS UNDER MANAGEMENT	**21,082,437**	**53.6%**	**19,090,331**	**52.7%**	**1,992,106**	**10.4%**
Government securities, bonds and stocks	8,615,054	21.9%	8,392,123	23.2%	222,931	2.7%
BALANCE ASSETS UNDER ADMINISTRATION	**8,615,054**	**21.9%**	**8,392,123**	**23.2%**	**222,931**	**2.7%**
BALANCE DIRECT AND INDIRECT SALES	**39,354,023**	**100.0%**	**36,191,952**	**100.0%**	**3,162,071**	**8.7%**

The table above shows the breakdown of the managed assets attributable to the personal financial advisors network as at June 30, 2014. Total assets, amounting to €39,354 million, increased by 8.7% compared to December 31, 2013.





Personal Financial Advisors Network - total net sales

	1st HALF 2014	*%*	*1st HALF 2013*	*%*	*Change*	*% Change*
Current accounts and demand deposits	936,314	52.8%	415,394	26.9%	520,920	125.4%
Time deposits and reverse repos	(21,375)	-1.2%	(142,875)		121,500	-85.0%
DIRECT SALES	**914,939**	**51.6%**	**272,519**	**26.9%**	**642,420**	**235.7%**
Segregated accounts	(26,867)	-1.5%	(86,054)	-5.6%	59,187	-68.8%
UCITS and other investment funds	1,265,710	71.4%	1,675,818	108.6%	(410,108)	-24.5%
Insurance products	115,703	6.5%	(72,783)	-4.7%	188,486	n.c.
ASSETS UNDER MANAGEMENT	**1,354,546**	**76.4%**	**1,516,981**	**98.3%**	**(162,435)**	**-10.7%**
Government securities, bonds and stocks	(496,398)	-28.0%	(246,155)	-15.9%	(250,243)	101.7%
ASSETS UNDER ADMINISTRATION	**(496,398)**	**-28.0%**	**(246,155)**	**-15.9%**	**(250,243)**	**101.7%**
TOTAL NET SALES - PFA NETWORK	**1,773,087**	**100.0%**	**1,543,345**	**109.3%**	**229,742**	**14.9%**

(Amounts in € thousand)

Total net sales for the first half of 2014 stood at over €1,773 million, with a strong focus on assets under management and Advisory services. More specifically, net sales from assets under management amounted to €1,355 million, while the CORE Series, CORE Unit and Advice services generated €776 million in sales.

The acquisition of new customers proved to be an important growth driver, with 41,050 current accounts opened in the first half through the financial advisors.

RELATED-PARTY TRANSACTIONS

In order to ensure full compliance with current legislative and regulatory provisions on disclosure of related-party transactions, on December 13, 2010, FinecoBank approved the provisions for related-party transactions, in compliance with the provisions of the Consob Regulation, approved by Resolution no. 17221 of March 12, 2010 and subsequently amended by Resolution no. 17389 of June 23, 2010. On December 17, 2013 and January 27, 2014, respectively, the Board of Directors of the Bank approved the “Global Policy for the management of transactions with parties involving conflicts of interest" (Related Parties as defined by Consob, Associated Persons as defined by the Bank of Italy and Bank Officers pursuant to Article 136 of the Consolidated Law on Banking (TUB)” (“Global Policy”) and the “Global Operational Instructions for the management of transactions with parties involving conflicts of interest”, issued by the Parent Company UniCredit as part of its management and coordination of subsidiaries.

In order to establish principles and rules that the Bank should apply as protection against the risks arising from situations of potential conflict of interest due to specific persons having close relations with the Bank’s decision-making centers, the Board of Directors of FinecoBank in the meeting of May 15, 2014 approved, with the prior favourable opinion of the Audit and Related Parties Committee and the Board of Statutory Auditors, its "Procedures for the management of transactions with parties involving conflicts of interest (the" Procedures "). The Procedures are intended to provide a systematic overview, covering all governance aspects and areas of application, as well as procedural and organizational aspects. They contain rules to be observed in the management of:

- Related-Party transactions pursuant to the Consob Regulation adopted by resolution 17221 of March 12, 2010, as amended;
- Transactions with Associated Persons pursuant to the regulations on "Risk assets and conflicts of interest with respect to Associated Persons, laid down by Bank of Italy Circular 263/2006, Title V, Chapter 5 ("New regulations for the prudential supervision of banks”, as amended);
- Obligations of Bank Officers pursuant to Article 136 of Legislative Decree 385 of September 1, 1993, “Consolidated Law on Banking”.

The Procedures were drafted based on the fact that FinecoBank S.p.A. is a listed company, which means that the legislation applicable to Issuers listed on regulated markets is directly relevant, but also considering that the bank belongs to the UniCredit Banking Group and, accordingly, the parent company UniCredit exercises management and coordination in this regard.

In the first half of 2014

1. two non-standard transactions were carried out with related parties/associated persons, based on the approval of the Board of Directors on March 27, 2014, and specifically:
   - a material transaction, concerning the change in the liquidity investment policy of FinecoBank with the Parent Company UniCredit S.p.A.;

   and

- a minor transaction, concerning the appointment of MedioBanca S.p.A. as sponsor for the admission to the listing of the ordinary shares of the Bank.

The above transactions were approved by UniCredit's Related-Parties and Equity Investments Committee and by (i) all members of FinecoBank's Audit Committee, the above transaction with Mediobanca and (ii) only by Independent Directors of the Committee, the new liquidity investment policy. The latter transaction was also examined by the Board of Directors of the Parent Company, on a conservative basis, given that until listing - given the existence of a 100% control relationship - inter-group transactions would be excluded from the above decision-making procedures;

2. three transactions were carried out with related parties/associated persons, based on the approval of the Board of Directors on April 15, 2014, and specifically:
   - a minor, non-standard transaction was carried out at market conditions with UniCredit Bank AG concerning the appointment of the mentioned bank as Joint Global Coordinator and Joint Bookrunner in the placement of the Company’s shares for the purpose of the Listing; the fees due to the Syndicate were paid by the selling Shareholder;
   - a minor, non-standard transaction was carried out at market conditions with Mediobanca concerning the appointment of the mentioned bank as Joint Bookrunner in the placement of the Company’s shares for the purpose of the Listing; the fees due to the Syndicate were paid by the selling Shareholder;

   and
   - a minor, non-standard transaction, was carried out with UniCredit at non-market conditions, being free of charge, concerning the signing of an agreement acknowledging the licence agreement for the "Fineco” trademark;

3. based on the approval of the Board of Directors on June 27, 2014, and the prior favourable opinion of the Audit and Related Parties Committee, a transaction consisting in a “Framework Resolution - Repo transactions with institutional clients, term deposits from retail customers and related use of liquidity”, which will be valid until October 31, 2014, supplemented by the quantitative limits set by the Board of Directors on July 15, 2014. The Audit and Related Parties Committee of FinecoBank expressed a favourable opinion on the above transaction.

During the first half of 2014, inter-group transactions and transactions with related parties in general, both Italian and foreign, were conducted within the ordinary course of business and related financial activities of the Bank and were carried out under conditions similar to those applied to transactions with unrelated third parties. Intra-group transactions were carried out based on assessments of a mutual economic advantage, and the determination of applicable terms and conditions took place in compliance with the criteria of substantial correctness, keeping in mind the common goal of creating value for the entire UniCredit group. The same principle was also applied in relation to the provision of intra-group services, combined with the principle of regulating such services at minimal rate solely to recover related production costs.

For more information on this matter, please refer to the Notes to the condensed half-year financial statements - Part H Related-Party Transactions.

During the six months ended June 30, 2014 no atypical or unusual transaction was carried out.

OPERATING STRUCTURE

HUMAN RESOURCES

As at June 30, 2014, FinecoBank's workforce consisted of 989 people compared to 976 as at December 31, 2013; the breakdown was as follows:

Human Resources	June 30, 2014	December 31, 2013
FinecoBank employees	975	965
Workers with atypical contracts* (+)	3	1
Group employees seconded to FinecoBank (+)	5	4
FinecoBank employees seconded to the Group (-)**	(2)	(2)
Total human resources excluding Directors	**981**	**968**
Directors (+)	8	8
Total human resources	**989**	**976**

* 1 project-based staff member and 2 leased staff members as at June 30, 2014, 1 project-based staff member as at December 31, 2013.

** Of whom, one seconded on a 50% basis.

As in previous years, in the first half of 2014 the Bank's activities to strengthen and optimize the workforce continued, with a focus on business development, organizational support and control and risk management.

Twenty-five people were hired in the first six months of the year, of whom 3 from other Group Companies and 22 from the market.

Of the 22 new recruits from the market, over half were employed in the CRM area. These were mainly young graduates, who are offered the chance to start a process through which they can get to know the Company, by taking on various positions within the different areas and functions of the Bank, and therefore the opportunity for professional development in the future.

Again, in the first six months of the year, the Bank implemented an internal job rotation system involving 36 people, through which, on one hand, it was able to fill vacant positions within the company, and, on the other, to ensure the continued professional development of staff.

During the first half of the year, 15 employees left the Bank, including 2 who resigned and 11 who were transferred to Group companies.
The total staff turnover rate was 4.1% (2.6% new recruits and 1.5% staff members leaving).

The Bank's workforce can be broken down as follows:

Category	Men		Women		Total	
	06.30.2014	12.31.2013	06.30.2014	12.31.2013	06.30.2014	12.31.2013
Senior Managers	19	20	3	3	22	23
Managers	194	195	74	74	268	269
Professional Areas	337	339	348	334	685	673
Total	**550**	**554**	**425**	**411**	**975**	**965**

As at June 30, 2014 part-time staff totalled 67, accounting for 6.9% of the workforce, with the female employees representing around 44%.
Average staff seniority was 6.9 years, while the average age was approximately 38 years.

EMPLOYEE TRAINING

In the course of the 1st half of 2014, staff training focused both on the acquisition and consolidation of skills according to business needs and on the continuing professional development of individual skills, focusing training hours on mandatory, technical and linguistic training.

MANDATORY TRAINING

FinecoBank is committed to the establishment and strengthening of a risk and compliance culture across the organization, in order for our business to stay not only profitable but also sustainable over time.

For this reason, during the first half of 2014, the Bank paid great attention to mandatory training for all employees who attended the courses both in e-learning mode, using the Group My Learning Platform, and through live seminars for specific subjects. Staff attendance at the courses was monitored in order to ensure that all employees acquired full understanding of the compulsory subjects, thereby insulating the Company against operational, legal and reputational risks.

The training was especially focused on anti-money laundering issues. In collaboration with the Compliance Officer, a plan was launched that has involved and will involve employees at various levels in live seminars and workshops throughout 2014. Approximately 63 hours of training were provided in the first half of the year.
In addition, during the first six months, mandatory attendance at the Operational Risks course was extended to the entire workforce.

<u>Technical and behavioural training</u>

During the first six months of the year, training sessions were organized for the acquisition of technical skills needed to improve company productivity and the level of employee specialization.

The training was especially targeted at ICT staff who, in 2013, had already benefited from extensive training for special projects.

Risk Management and Compliance staff attended several specific technical courses requested by the heads of function and had the opportunity - like all positions within the Bank - to undertake the Risk Diploma Path organized by the UniCredit Group Risk Academy (dedicated to risk training) via the Group My Learning platform.

In the Customer Care area, training courses were held for “new recruits” on technical subjects, as well as “ongoing” training courses on technical and behavioural subjects (with a special focus on Communication and Service), with a view to maintaining high quality service standards and a constant customer focus.

Training in support of the Bank’s Business Continuity plan also continued, through coaching certified in a register of activities.

Finally, the coaching programme started in 2013 was completed in the first half of 2014.

Foreign language training

During the first half of 2014, 284 employees were involved in foreign language training through participation in English courses (either in the classroom or over the telephone) that will end in the second half of the year. In some cases (e.g. Executives) received "one-to-one" training courses in Business English. German courses continued for around 10 employees. Employee participation in foreign language training is based on requests made by the individual heads of function, according to the specific professional needs of their colleagues.

TECHNOLOGY INFRASTRUCTURE

There are essentially six elements to FinecoBank's information system:

- Banking application software;
- On-line Trading system (dedicated applications for the real-time sale/purchase of securities and financial instruments on the main European and American markets);
- A management system for the operations room and for institutional investors, and access to the information/order sections of numerous Italian/foreign markets;
- A management system for investment services such as Funds, SICAVs and Bank Insurance;
- A credit card management system, with the issue of cards for Visa and MasterCard circuits;
- A personal financial advisors network management system, enabling advisors to work on all FinecoBank products through a single portal.

In the first half of 2014, the ICT Area carried out its usual activities for the technological upgrading, consolidation and development of the Information System in order to provide new and more versatile added value services to customers. Specifically, from an architectural perspective, work continued on optimizing infrastructure and applications, as well as the continuous improvement and fine-tuning of the applications security architecture.

The main projects included:

- The new Logos account;
- ADVICE, aimed at improving the financial advisory service offered to customers.

In the banking sector, the third release of MoneyMap was issued together with the related app for the mobile channel. On the SEPA channel, recurrent bank transfers were enabled and customers without the SMSPIN feature have been given the option to transfer money with next business day account crediting.

As for the trading segment, new CFDs on U.S. and UK stocks were released.

INTERNAL CONTROL SYSTEM

The internal control system is a fundamental part of the overall governance system of banks; it ensures that operations are carried out in line with the Bank strategies and policies and based on principles of sound and prudent management.

Circular no. 263 of December 27, 2006 - 15th update of July 2, 2013 - defines the principles and guidelines to which the internal control system of banks must conform; in this respect, the general principles of organization are defined, the role and responsibilities of governing bodies are specified and the characteristics and roles of corporate control functions are outlined.

The internal control system must provide protective measures that cover all types of business risk. The primary responsibility for these tasks lies with the bank's bodies, each in accordance with its specific duties. The structure of tasks and lines of responsibility of corporate functions and bodies must be clearly specified.

Banks, including FinecoBank, must apply the provisions according to the proportionality principle, i.e. taking into account the operating scale and organizational complexity, the nature of the activities carried out and type of services provided.

As part of the supervisory review and evaluation process, the Bank of Italy verifies the banks' internal control system in terms of completeness, suitability, functionality (in terms of efficiency and effectiveness) and reliability.

In accordance with the provisions laid down by the Regulatory Authority, the internal control system of the Bank consists of a set of rules, functions, organizational structures, resources, processes and procedures aimed at ensuring the achievement of the following objectives, in compliance with the principles of sound and prudent management:

- verifying the implementation of the Bank's strategies and policies;
- containing risk within the limits set out in the Bank Risk Appetite Framework - "RAF";
- preventing the Bank's involvement, even if unintentional, in unlawful activities (with specific reference to money laundering, usury and the financing of terrorism);
- protecting the value of assets and preventing losses;
- ensuring the effectiveness and efficiency of corporate processes;
- ensuring the security and reliability of the Bank information and ICT procedures;
- ensuring transactions' compliance with the law, supervisory regulations as well as internal policies, procedures and regulations.

In terms of the methods applied, the internal control system of Fineco is based on four types of controls:

- level one controls ("line controls"): these are controls relative to individual activities and are carried out according to specific operational procedures based on a specific internal regulation. Monitoring and continuously updating these processes is entrusted to "process supervisors" who are charged with devising controls able to ensure the proper performance of daily activities by the staff concerned, as well as the observance of any delegated powers. The processes subject to control relate to units that have contact with customers as well as completely internal Bank units;
- level two controls: these are controls related to daily operations connected with the process to measure

quantifiable risks and are carried out by units other than operating units, on an ongoing basis. the Risk Management function controls market, credit and operational risks, as regards compliance with limits assigned to operating functions and the consistency of operations of individual production areas with established risk/return objectives; the Compliance Officer function is responsible for controls on non-compliance risks;

- level three controls: these controls are typical of internal auditing, based on analysis of information obtained from databases or company reports, as well as on-site controls. The purpose of these controls is to check the functioning of the overall internal control system and identify any anomalous trends, or infringements of procedures or regulations. These controls are assigned to the Internal Audit function, which operates at a central level, at UniCredit, based on a specific service agreement;
- institutional supervisory controls: these refer to controls by Bank bodies, including in particular the Board of Statutory Auditors and the Supervisory Body pursuant to Legislative Decree no. 231 of 8 June 2001.

Considering the functions and structures involved, the Internal Control System is based on:

- control bodies and functions including, to the extent of each of their respective areas of responsibility, the Board of Directors, the Audit and Related Parties Committee, the Remuneration and Appointments Committee, the Managing Director and the General Manager, the Board of Statutory Auditors, the Supervisory Body set up pursuant to Legislative Decree 231/01 and the corporate control functions (Risk Management, Compliance[3], Internal Audit) as well as other company functions with specific internal control duties[4];
- procedures for the coordination of entities involved in the internal control and risk management system; these procedures provide for:
    - cooperation and coordination among control functions, through specific information flows that are formalized in internal regulations and through managerial committees dedicated to control issues;
    - application of the Group coordination model defined as part of the management and coordination activity carried out by the Parent Company;
    - definition of information flows both between corporate bodies and control functions within the Bank, and with the Parent Company, in order for the latter to be able to properly carry out its management and coordination activities.

MAIN RISKS AND UNCERTAINTIES

For more details of the risks and uncertainties faced by the Bank in the current market situation, reference is made to Part E – Information on risks and hedging policies of the Notes to the Accounts.

[3]This function includes the Anti Money Laundering Service, responsible for managing the correct application of regulations on anti money laundering and combating the financing of terrorism.

[4]The legislative framework and the codes of conduct assign control tasks to specific functions - other than corporate control functions - whose work should be seen as being a functional part of the Internal Control System. In the specific case of FinecoBank, these include the Local Control System for legislation concerning related-party transactions carried out with associated persons in a conflict of interest situation (under the responsibility of the Corporate Affairs Unit of the Legal & Corporate Affairs Department), the Nominated Official in charge of drawing up Company Accounts pursuant to Article 154-bis of the Consolidated Finance Act (identified as the Bank's CFO), the Officer in charge of Health and Safety at Work; the Human Resources function, the Head of Business Continuity & Crisis Management and the Head of Outsourcing Management. All corporate functions, other than corporate control functions, also participate in the Internal Control System by carrying out the level-one controls included in the business processes within their responsibility.

ORGANIZATIONAL STRUCTURE

The organizational structure of the Bank is consistent with the Group Organization Guidelines issued by the Parent Company UniCredit S.p.A.

The Guidelines set out organizational principles and rules designed to ensure their uniform application across all Group Legal Entities, through:

- clear organizational principles and criteria;
- specific organizational documents;
- suitable processes for organizational changes.

The Group Organization Guidelines set out structured organizational rankings on four levels (Division, Department, Unit and Team) based on their size and the organizational complexity of the operations overseen.

During the first half of 2014, one the most significant organizational changes concerned the Investment Services Department. More specifically, as an alternative to the standardized services for retail customers, Fineco offers a new Asset Protection service to customers in the Private Banking segment and the PFA Network, and especially the Wealth Advisors; the new service provides assistance, support and training on topics related to asset protection and the generational transfer of wealth. The new service is offered through external consultants and companies specializing in estate planning and taxation, asset protection and optimization of real estate assets.

Accordingly, the Investment Services Department was assigned new responsibilities and was renamed as "Investment and Wealth Management Services Department".

In summary, the Department's new activities will cover the following areas:

- training and assistance to the network of advisors on legal, corporate and tax matters related to asset protection and the planning and management of the generational transfer of wealth;
- organization of events aimed at strengthening the relationship with customers in the “Private Banking” segment.

Organizational Model

Fineco's current organizational model is based on a functional model.

A functional model promotes economies of scale and facilitates the development of vertical skills and knowledge within each area. The model guarantees the necessary decision-making mechanisms, whilst maintaining the "horizontal link" between the various functions. Although the current arrangement applies the concept of "functional" specialization, a project-based approach is maintained for every phase of definition and release of products and services.

The horizontal links are guaranteed by the work of specific committees that monitor business lines and the progress of the most important projects, also to guarantee the necessary synergies of distribution channels.

The following organizational units report to the Managing Director: Network PFA Department, Investment Services and Wealth Management Department, Direct Bank Department, CFO Department (Chief Financial Officer), CRO Department (Chief Risk Officer), Network Controls, Monitoring And Services Department, Legal & Corporate Affairs Department, GBS Department (Global Banking Services), Human Resources Unit, Compliance Officer Unit, and Identity & Communications Team.

The organizational model identifies four main functional lines, which govern:

- the sales network (Network PFA Department);
- investment services (Investment Services and Wealth Management Department);
- direct banking (Direct Bank Department);

- operational functioning (GBS Department).

In summary:

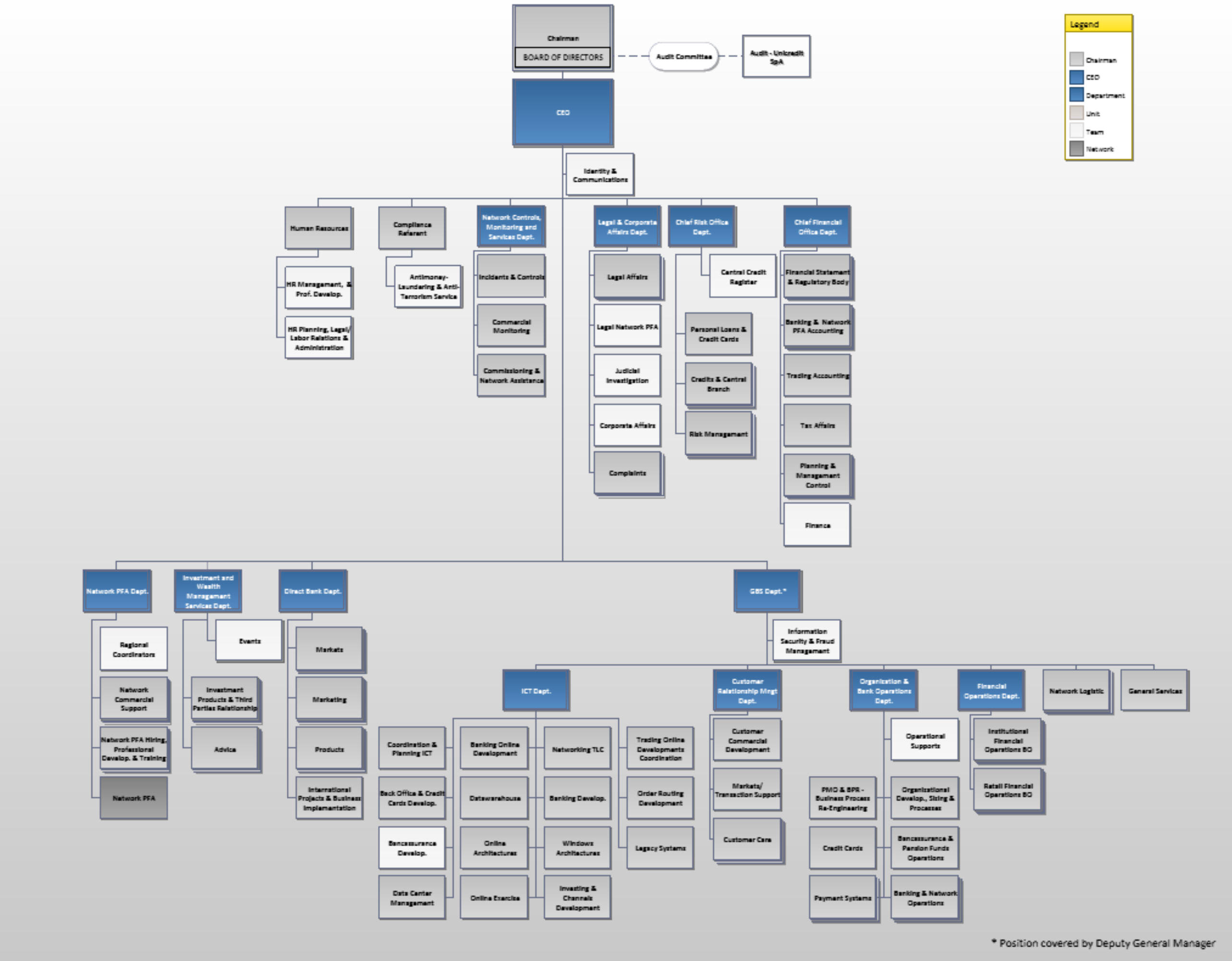
- The Network PFA Department is responsible for overseeing the management and development of Fineco's network of financial advisors;
- The Investment Services And Wealth Management Department is responsible for monitoring the development of products placed by the Bank and the financial advisory services provided to all Customers;
- The Direct Bank Department is responsible for overseeing the development of new products and services in the two core components of Fineco (Trading and Banking) and the related placement process through direct channels (Internet and telephone);
- The Investment Services And Wealth Management Department and the Direct Bank Department work closely with each other in order to develop a combined and synergistic offering of products and services to customers, in line with the Bank's marketing and business strategies.
- The GBS (Global Banking Services) Department coordinates the organizational units in charge of monitoring the organizational/operating processes and the ICT and logistics systems needed to ensure the effective and efficient operation of business support systems. The following organizational units report to the GBS Department: Information Security & Fraud Management Team, ICT – Information & Communication Technology Department, CRM – Customer Relationship Management Department, Organization & Bank Operations Department, Financial Operations Department, Network Services Unit, General Services Unit.

The synergies between the distribution channels and the monitoring of decision-making processes that cut across the Departments are ensured by a Management Committee.

As regards audit activities, FinecoBank, in line with the instructions of the Parent Company, has adopted an outsourcing model based on a specific service agreement signed with UniCredit, acting as Group outsourcer. Under the model, the Audit and Related Parties Committee (a committee established within the Board of Directors) is responsible for liaising with the Bank and the outsourcer, in addition to supporting the Board of Directors – with information, advisory, recommendation and investigation functions – using a risk-oriented approach to identify the guidelines for the entire internal control system and the assessment of its effectiveness and efficiency.

The functioning and jurisdiction of the above Committee are defined in the Board of Directors' Rules and Regulations.

The organizational structure of FinecoBank is as follows:



In relation to and in order to meet, FinecoBank's operational needs in view of the stock market listing, the Bank had to make some organizational changes. In this regard, on May 15, 2014 the Board of Directors passed resolution to assign the duties of General Manager to the Managing Director of the Bank, effective from July 1, 2014; the said duties will consist of supervising the ordinary management of FinecoBank and hierarchically reporting to the Board of Directors.

Moreover, with regard to the management of relations with investors and intermediaries, FinecoBank set up the new role of Investor Relator who represents the Bank vis à vis the national and international financial community. The Investor Relator is therefore the point of contact between the Bank and the market and works with the entire company to maintain and promote compliance with regulations on corporate reporting.
To carry out this activity, FinecoBank has adopted an outsourcing method based on a specific service agreement signed with UniCredit, appointing a UniCredit employee as Head of Investor Relations (investors@fineco.it).

MAIN BALANCE SHEET AGGREGATES

ASSETS	06.30.2014	12.31.2013	Changes Amount	Changes %
Cash and cash balances	14	5	9	180.0%
Financial assets held for trading	10,407	4,700	5,707	121.4%
Loans and receivables with banks	13,476,117	16,330,912	(2,854,795)	-17.5%
Loans and receivables with customers	696,142	641,250	54,892	8.6%
Financial investments	1,715,320	93,114	1,622,206	1742.2%
Hedging instruments	35,637	179,265	(143,628)	-80.1%
Property, plant and equipment	11,391	10,772	619	5.7%
Goodwill	89,602	89,602	-	-
Other intangible assets	7,915	8,014	(99)	-1.2%
Tax assets	42,891	67,934	(25,043)	-36.9%
Other assets	227,865	256,629	(28,764)	-11.2%
Total assets	**16,313,301**	**17,682,197**	**(1,368,896)**	**-7.7%**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	06.30.2014	12.31.2013	Changes Amount	Changes %
Deposits from banks	1,026,852	1,648,675	(621,823)	-37.7%
Deposits from customers	13,911,224	12,732,309	1,178,915	9.3%
Debt securities in issue	421,965	2,322,511	(1,900,546)	-81.8%
Financial liabilities held for trading	4,867	2,301	2,566	111.5%
Hedging instruments	48,960	178,574	(129,614)	-72.6%
Provisions for risks and charges	110,507	109,354	1,153	1.1%
Tax liabilities	52,975	37,701	15,274	40.5%
Other liabilities	264,249	231,623	32,626	14.1%
Shareholders' equity	471,702	419,149	52,553	12.5%
- capital and reserves	*392,928*	*329,719*	*63,209*	*19.2%*
- revaluation reserves for available-for-sale financial assets and actuarial gains (losses) from defined benefit plans	*4,912*	*4,214*	*698*	*16.6%*
- net profit (loss)	*73,862*	*85,216*	*(11,354)*	*-13.3%*
Total liabilities and shareholders' equity	**16,313,301**	**17,682,197**	**(1,368,896)**	**-7.7%**

(Amounts in € thousand)

Financial assets held for trading

Financial assets held for trading consist of:

- bonds, shares and derivatives classified as HFT (*held for trading*), amounting to €5.4 million, held in the Bank's portfolio as a result of trading activity, and intended to be traded in the short term. In June 2014, two transactions were carried out (arbitrages related to share capital increases) in order to leverage the Bank's large Portfolio of Assets, i.e. the amount of securities that clients make available to the Bank and which provide a return only if used by the Bank. In addition, as a service to customers, the Bank assessed the opportunity of avoiding customers losing the full value of certain not sold and not exercised rights, whose value may be especially high in the event of a strongly dilutive capital increase. Both transactions are totally risk free, being fully hedged;
- the positive valuation of spot contracts for securities in the HFT portfolio and currencies to be settled in time frames established by market practices ("regular way") for €3.6 million, which correspond to negative valuations booked under item 40 "Financial liabilities held for trading";
- the positive valuation of CFDs on indices and Forex for €1.4 million;

CFDs on indices and currencies are "Over the counter" derivative contracts that require the payment of a differential generated by the difference between the opening and closing price of the financial instrument. The bank in operational terms covers the imbalance of customer positions, by underwriting futures on the indices underlying the CFDs on indices, or through Forex transactions with institutional counterparties to hedge CFD transactions in open currencies with customers' currency; consequently, the positive valuation booked under "Financial assets held for trading" more or less balanced the negative valuations booked under "Financial liabilities held for trading".

Loans and receivables with banks

			Changes	
	06.30.2014	*12.31.2013*	*Amount*	*%*
Current accounts and demand deposits	1,378,975	9,433,356	(8,054,381)	-85.4%
Time deposits	3,016,939	3,563,334	(546,395)	-15.3%
Other loans:				
1 Reverse repos	45,318	5,584	39,734	711.6%
2 Other	22,480	6,022	16,458	273.3%
Debt securities	9,012,405	3,322,616	5,689,789	171.2%
Total	**13,476,117**	**16,330,912**	**(2,854,795)**	**-17.5%**

(Amounts in € thousand)

Loans and receivables with banks for current accounts and demand deposits mainly consist of accounts held with UniCredit, with a book value of €1,357 million and to a lesser extent, of current accounts held with non-Group Banks for transactions in securities.

The time deposits recognized under assets consist of the deposit held with UniCredit for compulsory reserves, with a book value of €130.5 million, in addition to time deposits held with UniCredit with a book value of €2,886.5 million, opened in order to invest the funds collected through repos and CashPark transactions with retail customers and repos with credit institutions, with the same maturities.

In the item Other Loans, the item Other relates to the amount of the initial margins placed with credit institutions from derivative transactions as well as from current receivables associated with the provision of financial services.

The debt securities held in the portfolio and included in the category "*Loans and receivables*" mainly consist of debt securities issued by UniCredit for an amount of €9,012 million.

As regards the increase in securities held in the portfolio compared to December 31, 2013, it should be noted that, as part of the listing process, the Board of Directors' meeting on March 27, 2014 approved the main guidelines for the liquidity investment policy, in force from April 1, 2014. More specifically, for the stable "Core" liquidity, the Bank purchased UniCredit bonds with maturities ranging from 2 years and 10 months to 7 years and 6 months, for a total nominal amount of €7,650 million and USD 250 million and with interest rates calculated considering, for each maturity, the annual average, in the year preceding the issue date, of the secondary market spreads applied to UniCredit medium to long-term senior bonds issued on the institutional market. These types of investment were determined by taking into account the overall structure of the Bank's balance sheet and with a view to optimizing its liquidity risk profile, in line with the amount of sight deposits considered as "Core" (which therefore can be invested in the medium/long term) and with the objective of diversifying these investments in terms of maturities. The bonds issued by UniCredit and reserved for FinecoBank are freely transferable to third parties throughout the term of the bond.

At the same time, debt securities included in the category "*Loans and receivables*", issued by UniCredit and held by Fineco at December 31, 2013, with a nominal value of €1,850 million and USD 70 million were sold to UniCredit, as, following the purchase of the bonds mentioned above, maintaining these securities in the portfolio was no longer considered appropriate.

Loans and receivables with customers

			Changes	
	06.30.2014	*12.31.2013*	*Amount*	*%*
Current accounts	111,720	101,195	10,525	10.4%
Reverse repos	163,596	120,860	42,736	35.4%
Mortgages	67	76	(9)	-11.8%
Credit cards and personal loans	297,614	319,087	(21,473)	-6.7%
Other loans	123,144	100,031	23,113	23.1%
Debt securities	1	1	-	0.0%
Total	**696,142**	**641,250**	**54,892**	**8.6%**

(Amounts in € thousand)

Loans and receivables with customers, amounting to €696 million, can essentially be broken down as follows:

- €411 million in loans to ordinary customers;
- €163 million in reverse repos;
- €45 million in collateral deposits, initial and variation margins with clearing houses for derivative transactions;
- €77 million relating to current receivables associated with the provision of financial services.

Reverse repos are represented by "*Multiday leverage*" transactions, securities lending transactions guaranteed by sums of money readily available to the lender and which are basically the equivalent of repos on securities.

Other loans mainly consist of collateral deposits, initial and variation margins with clearing houses for derivative transactions, mostly on behalf of third parties, as well as current receivables associated with the provision of financial services.

Loans and receivables with customers (Management reclassification)	*06.30.2014*	*12.31.2013*	*Changes Amount*	*%*
Current accounts	108,715	98,455	10,260	10.4%
Use of credit cards	197,736	219,010	(21,274)	-9.7%
Personal loans	98,084	98,241	(157)	-0.2%
Other loans	1,377	1,402	(25)	-1.8%
Performing loans	*405,912*	*417,108*	*(11,196)*	*-2.7%*
Current accounts	3,005	2,740	265	9.7%
Mortgages	67	76	(9)	-11.8%
Use of credit cards	111	130	(19)	-14.6%
Personal loans	1,683	1,706	(23)	-1.3%
Other loans	22	24	(2)	-8.3%
Impaired loans	*4,888*	*4,676*	*212*	*4.5%*
Loan receivables with ordinary customers	***410,800***	***421,784***	***(10,984)***	***-2.6%***
Reverse repos	163,577	120,804	42,773	35.4%
Reverse repos - impaired	19	56	(37)	-66.1%
Collateral deposits and initial and variation margins	44,995	32,007	12,988	40.6%
Current receivables associated with the provision of financial services	76,750	66,598	10,152	15.2%
Debt securities	1	1	-	0.0%
Current receivables and other receivables	***285,342***	***219,466***	***65,876***	***30.0%***
Loans and receivables with customers	**696,142**	**641,250**	**54,892**	**8.6%**

(Amounts in € thousand)

The portfolio of loan receivables with ordinary customers mainly consists of receivables for personal loans, current accounts and credit card use; overall, loans to ordinary customers decreased by 2.6%, due to a lesser use of credit cards with full payment of the balance at term partly offset by a greater use of current account credit lines.

Impaired assets

Category	**Gross amount**		**Impairment provision**		**Net amount**		**Coverage ratio**	
	06.30.2014	*12.31.2013*	*06.30.2014*	*12.31.2013*	*06.30.2014*	*12.31.2013*	*06.30.2014*	*12.31.2013*
Non-performing loans	17,884	17,664	(14,473)	(14,387)	3,411	3,277	80.93%	81.45%
Doubtful loans	1,967	2,065	(1,330)	(1,392)	637	673	67.62%	67.41%
Past-due loans	1,540	1,444	(680)	(663)	860	781	44.16%	45.91%
Total	**21,391**	**21,173**	**(16,483)**	**(16,442)**	**4,908**	**4,731**	**77.06%**	**77.66%**

(Amounts in € thousand)

The amount of impaired loans net of impairment losses was €4.9 million, €3.4 million of which in non-performing loans, €0.6 million in doubtful loans and €0.9 million in past-due loans. Impaired loans mostly relate to current account overdrafts, credit card use and personal loans.

Impaired customer loans represent 1.19% of loan receivables with ordinary customers, up against the figure of 1.12% as at December 31, 2013 as a result of the reduction in loans for use of credit cards with full payment of the balance at term.

Financial investments

	06.30.2014	*12.31.2013*	*Changes*	
			Amount	*%*
Financial assets designated at fair value through profit or loss	-	3,199	(3,199)	-100.0%
Available-for-sale financial assets	1,715,320	89,915	1,625,405	1807.7%
Total	**1,715,320**	**93,114**	**1,622,206**	**1742.2%**

(Amounts in € thousand)

Debt securities classified as *Financial assets at fair value through profit or loss* in the portfolio as at December 31, 2013 were sold during the first half of 2014.

Available-for-sale financial assets comprise debt securities issued by governments, including in particular Italian government bonds with a book value of €1,705 million, French government bonds with a book value of €10.3 million, and investments in companies in which the Bank does not exercise control or significant influence amounting to €5 thousand, including 20 shares of UniCredit Business Integrated Solutions S.c.p.A. totalling €172.

As regards the increase in debt securities compared to December 31, 2013, in the first half of 2014, as part of the guidelines for the new liquidity investment policy that entered into force on April 1, 2014, the portion of liquid assets classified as "Non Core" was invested in Italian government bonds for a nominal amount of €1,500 million while derivative contracts were entered into at the same time in order to convert the fixed rate into a floating rate in compliance with pre-defined limits on interest rate risk.

A portion of debt securities classified in the *Available-for-sale financial assets* portfolio are entirely used as collateral for bankers' drafts or guarantees with third parties for a book value of €91.6 million.

Hedging instruments

	06.30.2014	12.31.2013	Changes Amount	%
Asset hedging derivatives - positive valuations	646	47,784	(47,138)	-98.6%
Liability hedging derivatives - positive valuations	9,280	75,359	(66,079)	-87.7%
Adjustment to the value of assets under portfolio hedge	25,711	56,122	(30,411)	-54.2%
Total assets	**35,637**	**179,265**	**(143,628)**	**-80.1%**
of which:				
Positive valuations	10,664	125,197	(114,533)	-91.5%
Related accrued assets and liabilities	(738)	(2,054)	1,316	-64.1%
Adjustments to the value of hedged assets	25,711	56,122	(30,411)	-54.2%
Total assets	**35,637**	**179,265**	**(143,628)**	**-80.1%**
Asset hedging derivatives - negative valuations	38,007	93,987	(55,980)	-59.6%
Liability hedging derivatives - negative valuations	572	47,814	(47,242)	-98.8%
Adjustment to the value of assets under portfolio hedge	10,381	36,773	(26,392)	-71.8%
Total liabilities	**48,960**	**178,574**	**(129,614)**	**-72.6%**
of which:				
Negative valuations	36,676	144,546	(107,870)	-74.6%
Related accrued assets and liabilities	1,903	(2,745)	4,648	n.d.
Adjustments to the value of hedged liabilities	10,381	36,773	(26,392)	-71.8%
Total liabilities	**48,960**	**178,574**	**(129,614)**	**-72.6%**

(Amounts in € thousand)

Summary of hedging derivative valuations 06.30.2014	*Assets*	*Liabilities*	*Difference*
Valuation of asset and liability hedging derivatives	10,664	36,676	(26,012)
Change in fair value of hedged assets/liabilities	25,711	10,381	15,330
Revaluation reserve before related taxation	-	(10,682)	10,682
Total	**36,375**	**36,375**	**-**

(Amounts in € thousand)

Hedged assets consist of receivables for personal loans due from retail customers, bonds issued by UniCredit belonging to the "*Loans and Receivables category*" and securities issued by the Italian Central Government and classified as "*Available-for-sale financial assets*".

Hedged liabilities refer to bonds issued by FinecoBank, entirely subscribed by the Parent Company and recognized as debt securities in issue.

Accruals relating to asset and liability hedging derivatives amount respectively to €-0.7 million and €1.9 million, and are included in the net interest margin.

Positive and negative valuations of hedging derivatives relate solely to derivative contracts that the Bank has entered into to provide a hedge against interest rate risk inherent in the above-mentioned assets and liabilities, whose income statement effect is zero.

Property, plant and equipment

As in previous financial years, investments in electronic machines were made to guarantee the ongoing update of the hardware used by all FinecoBank departments, and in particular by the IT department.

Investments in office furniture and fittings and equipment are primarily intended for use in new financial stores.

Property, plant and equipment	Balance 01.01.2014	Investments as at 06.30.2014	Other Changes-Sales	Depreciation and write-downs as at 06.30.2014	Balance 06.30.2014
Properties	2,734	-	-	(57)	2,677
Electronic machines	5,846	1,841	-	(1,100)	6,587
Office Furniture and Fittings	834	266	10	(210)	900
Plant and machinery	1,358	109	-	(240)	1,227
TOTAL	**10,772**	**2,216**	**10**	**(1,607)**	**11,391**

(Amounts in € thousand)

Goodwill

As at June 30, 2014 there were no indicators of impairment of the goodwill recorded in the financial statements; For all other information regarding impairment testing, carried out annually, see the Annual Report as at December 31, 2013.

As at June 30, 2014, the goodwill recorded in the financial statements was made up as follows:

	06.30.2014	*12.31.2013*
Goodwill relating to Fineco On Line Sim S.p.A.	16,087	16,087
Goodwill relating to the trading and banking division of Banca della Rete	2,034	2,034
Goodwill relating to PFA division formerly FinecoGroup S.p.A.	3,463	3,463
Goodwill relating to PFA division formerly UniCredit Xelion Banca S.p.A.	68,018	68,018
Total	**89,602**	**89,602**

(Amounts in € thousand)

Goodwill relating to Fineco On Line Sim S.p.A.

On April 3, 2001 the merger of Fineco On Line Sim S.p.A., the business division of Fineco Sim S.p.A., into FinecoBank was completed.

This merger was carried out on the basis of a share swap ratio of 3.7 shares of the acquiring company for each share of the acquired company, with a consequent increase in the share capital of FinecoBank. The difference between the increase in capital of the acquiring company and the amount of shareholders' equity of the acquired company gave rise to a share swap loss recorded under goodwill.

The balance, amounting to €16 million, is equal to the balance at January 1, 2004, the date of transition to IAS, plus the unamortized amount of the substitute tax, paid for recognition of the loss for tax purposes.

Goodwill relating to the Trading and Banking division of Banca della Rete

On September 1, 2003, FinecoBank acquired the "On-line Banking" and "On-line Trading" business divisions of Banca della Rete, as part of the business plan to rationalize the reorganization of Banca della Rete, in accordance with the directives of the then Parent Company Capitalia S.p.A..

The amount of €2 million recorded in the balance sheet is the same as the amount as at January 1, 2004, the date of transition to IAS.

Goodwill relating to PFA division formerly FinecoGroup S.p.A.

On October 1, 2005, FinecoBank acquired the Personal Financial Advisors business division from FinecoGroup S.p.A., which was created from the progressive merger of three different group networks: FinecoBank S.p.A., former Bipop Carire S.p.A. and Banca Manager S.p.A..

The transaction was carried out for a consideration mutually agreed by the parties and subject to a 'fairness opinion', leading to the recognition of €3.5 million of goodwill.

Goodwill relating to PFA division formerly UniCredit Xelion Banca S.p.A.

As a result of the merger of UniCredit Xelion Banca S.p.A. into FinecoBank on July 7, 2008, FinecoBank S.p.A. recorded goodwill of €68 million under intangible assets, arising from previous extraordinary transactions carried out by UniCredit Xelion Banca S.p.A., more specifically:

- Year 2000: acquisition of the PFA division, formerly Fida SIM, by UniCreditSIM, later merged into Xelion Sim S.p.A., which then became UniCredit Xelion Banca S.p.A.. The balance, amounting to €1 million, is equal to the balance at January 1, 2004, the date of transition to IAS;
- Year 2001: merger of UniCreditSIM into Xelion Sim S.p.A., which then became UniCredit Xelion Banca S.p.A.. The balance, amounting to €13.8 million, is equal to the balance at January 1, 2004, the date of transition to IAS;
- Year 2003: spin-off of the personal financial advisors division, formerly Credit, Rolo and CRT by UniCredit Banca to UniCredit Xelion Banca S.p.A.. The balance, amounting to €19.1 million, is equal to the balance at January 1, 2004, the date of transition to IAS;
- Year 2004: acquisition of the PFA division from Ing Italia. This transaction resulted in the recognition of goodwill of €34.1 million.

It should be noted that all the goodwill (totalling €90 million) relates to acquisitions of businesses or companies carrying out trading activities or the distribution of financial, banking and insurance products through personal financial advisors.

These activities have been fully integrated with FinecoBank's ordinary operations, as a result it is no longer possible to isolate the contribution of each company/business division from the Bank's overall income; this means that to establish the reasonableness of the value of goodwill recognized in the financial statements it is necessary to take account of the Bank's comprehensive income. The cash generating unit (CGU) is therefore the Bank as a whole.

In fact, in view of the specific business model adopted by FinecoBank, which envisages a high level of integration between personal financial advisors and the trading and banking platform, the allocation of costs/revenues to the business units is not considered relevant or meaningful; the personal financial advisors network is an integral part of the overall offer, along with banking, brokerage and investing services.

Other intangible assets

Other intangible assets mainly include purchases and the implementation of information technology procedures with useful lives of several years, required in order to manage the development and ongoing provision by the Bank of new and more versatile high-added-value services for customers, as well as infrastructure and application optimizations, enhancements to architecture for application security, and the developments needed to meet the new regulatory requirements.

Intangible assets	Balance 01.01.2014	Investments as at 06.30.2014	Other changes-sales	Amortization and write-downs as at 06.30.2014	Balance 06.30.2014
Software	6,853	2,171	-	(2,163)	6,861
Other intangible assets	1,161	65	-	(172)	1,054
TOTAL	**8,014**	**2,236**	**-**	**(2,335)**	**7,915**

(Amounts in € thousand)

Tax Assets and Other Assets

	06.30.2014	12.31.2013	Changes Amount	Changes %
Tax assets				
Current assets	2,401	25,264	(22,863)	-90.5%
Deferred tax assets	37,155	39,197	(2,042)	-5.2%
Deferred tax assets pursuant to Law 214/2011	3,335	3,473	(138)	-4.0%
Total	**42,891**	**67,934**	**(25,043)**	**-36.9%**
Other assets				
Items in processing	16,621	9,488	7,133	75.2%
Definitive items not recognised under other items	59,573	62,491	(2,918)	-4.7%
Current receivables not related to the provision of financial services	2,055	1,707	348	20.4%
Tax items other than those included in the item "Tax assets"	123,221	160,908	(37,687)	-23.4%
Prepayments	16,376	10,940	5,436	49.7%
Improvement and incremental expenses incurred on leasehold assets	9,899	10,962	(1,063)	-9.7%
Other items	120	133	(13)	-9.8%
Total	**227,865**	**256,629**	**(28,764)**	**-11.2%**

(Amounts in € thousand)

The decrease in “Tax assets" of €25 million is mainly due to the use of previously paid IRES income tax and IRAP corporate tax advances.

With regard to the “Other assets", "Tax items other than those included in the item “tax assets", decreased as a result of the release of tax advances paid, in our capacity as withholding agents, for the substitute tax on other income.

Deposits from banks

	06.30.2014	12.31.2013	Changes Amount	Changes %
Deposits from central banks	-	-	-	-
Deposits from banks				
Current accounts and demand deposits	23,201	29,139	(5,938)	-20.4%
Loans				
Repos	1,002,633	1,619,295	(616,662)	-38.1%
Other liabilities	1,018	241	777	322.4%
Total	**1,026,852**	**1,648,675**	**(621,823)**	**-37.7%**

(Amounts in € thousand)

The item current accounts and demand deposits mainly consists of reciprocal current accounts and loans with UniCredit group companies, with a book value of €19 million, as well as reciprocal current accounts and loans with banks outside the Group of €4.2 million.

Repos include €965.6 million of transactions performed with UniCredit and €10.5 million of transactions with UniCredit AG Monaco.

Deposits from customers

Deposits from customers, mainly consisting of current accounts, the Cash Park deposit account and Supersave repos, totalled €13,911 million, an increase of 9.3% compared to December 31, 2013.

	06.30.2014	12.31.2013	Changes	
			Amount	%
Current accounts and demand deposits	11,856,287	10,666,363	1,189,924	11.2%
Time deposits	1,674,202	1,699,635	(25,433)	-1.5%
Loans				
Repos	312,207	304,380	7,827	2.6%
Other liabilities	68,528	61,931	6,597	10.7%
Deposits from customers	**13,911,224**	**12,732,309**	**1,178,915**	**9.3%**

(Amounts in € thousand)

Debt securities in issue

	06.30.2014	12.31.2013	Changes	
			Amount	%
Bonds	**421,965**	**2,322,511**	**(1,900,546)**	**-81.8%**

(Amounts in € thousand)

During the first half of 2014, the Bank reimbursed securities in issue for a nominal amount of €1,500 million (repurchased in previous years); it also partially repurchased bonds issued for a total nominal amount of €1,850 million and USD 70 million.

These bonds had been issued at par in 2011 and fully underwritten by UniCredit, while the Bank had underwritten bonds issued by UniCredit, in light of both the Bank and UniCredit needing to hold bonds in their portfolio for the purposes of their activities. As described above, by underwriting other bonds issued by UniCredit as part of the liquidity investment policy defined as of April 1, 2014 and following the gradual reduction in repo transactions with customers that had led the Bank and UniCredit to reciprocally underwrite and issue such bonds, both parties were able to sell part of the securities held in the portfolio and to repurchase the securities in issue.

Financial liabilities held for trading

Financial liabilities held for trading consist of:

- technical overdrafts classified under as HFT (*held for trading*), held in the Bank's portfolio as a result of trading activity, for an amount of €0.5 million, mainly related to the aforementioned transactions booked as financial assets held for trading;
- the negative valuation of spot contracts for securities in the HFT portfolio and currencies to be settled in time frames established by market practices ("regular way") for €3.3 million, which correspond to positive valuations booked under item 20 "Financial assets held for trading";
- the negative valuation of CFDs on indices and Forex for €1.1 million.

CFDs on indices and currencies are "Over the counter" derivative contracts that require the payment of a differential generated by the difference between the opening and closing price of the financial instrument. In operational terms, the Bank covers the imbalance of customer positions by underwriting futures on the indices underlying the CFDs on indices, or through Forex transactions with institutional counterparties to hedge CFD transactions in open currencies with customers' currency; consequently, the negative valuations booked under "Financial liabilities held for trading" more or less balanced the positive valuations booked under "Financial assets held for trading".

Provisions for risks and charges

Provisions for risks and charges include allowances for a total of €110.5 million, for which, given a liability of uncertain amount and expiry, a current obligation was identified as the result of a past event and it was possible to make a reliable estimate of the amount resulting from the fulfilment of said obligation.

The disbursements, with estimated maturity exceeding 18 months, were discounted to present value using a rate equal to the time value of money.

"Staff expenses" include the provisions made for the variable remuneration to be paid to employees in subsequent years, which have an uncertain due date and/or amount.

			Changes	
	06.30.2014	*12.31.2013*	*Amount*	*%*
Legal disputes	**51,319**	**55,578**	**(4,259)**	**-7.7%**
- Pending proceedings	38,043	40,573	(2,530)	-6.2%
- Claims	13,276	15,005	(1,729)	-11.5%
Staff expenses	**2,329**	**-**	**2,329**	**-**
Other	**56,859**	**53,776**	**3,083**	**5.7%**
- Supplementary customer indemnity provision	35,864	32,178	3,686	11.5%
- Contractual payments and payments under non-competition agreements	1,986	1,916	70	3.7%
- Tax disputes	7,299	7,439	(140)	-1.9%
- Other provisions	11,710	12,243	(533)	-4.4%
Total provisions for risks and charges - other provisions	**110,507**	**109,354**	**1,153**	**1.1%**

(Amounts in € thousand)

Tax liabilities and Other liabilities

	06.30.2014	12.31.2013	Changes Amount	Changes %
Tax liabilities				
Current liabilities	30,156	16,842	13,314	79.1%
Deferred tax liabilities	22,819	20,859	1,960	9.4%
Total	**52,975**	**37,701**	**15,274**	**40.5%**
Other liabilities				
Items in processing	69,335	47,398	21,937	46.3%
Definitive items not recognised under other items	62,747	34,396	28,351	82.4%
Payables to employees and other personnel	12,671	15,229	(2,558)	-16.8%
Payables to Directors and Statutory auditors	265	244	21	8.6%
Current payables not related to the provision of financial services	35,625	27,400	8,225	30.0%
Tax items other than those included in the item "Tax liabilities "	59,774	83,854	(24,080)	-28.7%
Social security contributions to be paid	4,299	4,853	(554)	-11.4%
Adjustments for illiquid portfolio items	14,827	13,847	980	7.1%
Other items	555	640	(85)	-13.3%
Employee severance pay provision	4,149	3,761	388	10.3%
Total	**264,247**	**231,622**	**32,625**	**14.1%**

(Amounts in € thousand)

The increase in “Tax liabilities" of €15 million was due to:

- higher income taxes for the year resulting from an increase in taxable income;
- higher deferred tax liabilities calculated on the deductible portion of goodwill.

With regard to the "Other liabilities", there was an increase in "Items in processing" relating to outgoing bank transfers, an increase in “Definitive items not recognized under other items", relating to the settlement of credit card transactions and the settlement of securities and coupons, a reduction in "Tax items other than those included in the item “Tax liabilities”", as a result of the release of the tax payable to the tax authorities for stamp duty and for withholding taxes on current account interest income, in our capacity as withholding agent.

Shareholders' equity

As at June 30, 2014, the Bank's share capital came to €200 million, and was divided into 606,274,033 shares with a par value of €0.33 each. Reserves comprise the legal reserve amounting to €33.1 million, the extraordinary reserve amounting to €157.7 million, and retained earnings for an amount of €0.2 million.

The Bank does not hold, and did not hold during the period ended June 30, 2014, any treasury shares in the portfolio.

Following the Shareholders' Meeting resolution of April 15, 2014, the profit for the year 2013 of €85.2 million was allocated as follows:

- €4.3 million to the legal reserve;
- €58.9 million to the extraordinary reserve;
- €20 million, equal to €0.033 per share, to the shareholder;
- €2 million to charitable donations.

Shareholders' equity

Item/Amount	*06.30.2014*	*12.31.2013*	*Changes*	
			Amount	*%*
Share capital	200,070	200,070	-	-
Share premium reserve	1,934	1,934	-	-
Reserves				-
- Legal reserve	33,061	28,800	4,261	14.8%
- Extraordinary reserve	157,692	98,744	58,948	59.7%
- Other reserves	171	171	-	-
Revaluation reserves	4,912	4,214	698	16.6%
Net Profit (Loss) for the year	73,862	85,216	(11,354)	-13.3%
Total	**471,702**	**419,149**	**52,553**	**12.5%**

(Amounts in € thousand)

CAPITAL RESOURCES AND PRUDENTIAL REQUIREMENTS

	06.30.2014	*12.31.2013*
Common Equity Tier 1 - CET1	338,752	316,008
Additional Tier 1 – AT1	-	-
TIER 2 – T2	-	-
Total Own Funds	**338,752**	**316,008**
Common Equity Tier 1 Capital Ratio (Tier 1 capital/Risk-weighted assets -TIER 1 capital ratio at December 31, 2013)	19.50%	12.25%
Total Own Funds Capital Ratio (Regulatory capital/Risk-weighted assets - Total capital ratio at December 31, 2013)	19.50%	12.25%

(Amounts in € thousand)

Total own funds as at June 30, 2014 amounted to €339 million.

In the absence of a formal dividend policy, for the purpose of calculating own funds as at June 30, 2014, retained earnings included in Common Equity Tier 1, amounting to €21.9 million, were estimated with reference to the average pay out of the last three years, as established in (EU) Commission Delegated Regulation no. 241/2014, supplementing regulation EU 575/2013 of the European Parliament.

The “Common Equity Tier 1 capital ratio” and the “Total Own Funds capital ratio” as at June 30, 2014 were calculated by applying the supervisory regulations in force according to the Basel III regulatory framework.

At December 31, 2013, the Common Equity Tier 1 and Total Own Funds used in the calculation were re-determined by applying the rules in force as at January 1, 2014, while the RWAs used to calculate the Tier 1 Capital ratio and the Total capital ratio were determined by applying the Basel II supervisory regulations, supplementing the total capital requirements of the Basel I “floor”, which corresponds to the positive difference between 80% of the capital requirements calculated on the basis of regulations in force as at December 31, 2006, and the sum of capital requirements for credit, counterparty, market and operational risks, calculated using the Basel II provisions.

INCOME STATEMENT FIGURES

Condensed Income Statement

	06.30.2014	06.30.2013	Changes Amount	Changes %
Net interest	115,940	95,905	20,035	20.9%
Net fee and commission income	97,029	81,805	15,224	18.6%
Net trading, hedging and fair value income	12,889	15,808	(2,919)	-18.5%
Net other expenses/income	(1,572)	(354)	(1,218)	344.1%
OPERATING INCOME	**224,286**	**193,164**	**31,122**	**16.1%**
Payroll costs	(31,835)	(30,990)	(845)	2.7%
Other administrative expenses	(106,991)	(92,607)	(14,384)	15.5%
Recovery of expenses	37,542	28,054	9,488	33.8%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(3,942)	(3,491)	(451)	12.9%
Operating costs	**(105,226)**	**(99,034)**	**(6,192)**	**6.3%**
OPERATING PROFIT (LOSS)	**119,060**	**94,130**	**24,930**	**26.5%**
Net impairment losses on loans and provisions for guarantees and commitments	(1,291)	(1,355)	64	-4.7%
NET OPERATING PROFIT (LOSS)	**117,769**	**92,775**	**24,994**	**26.9%**
Provisions for risks and charges	(2,951)	(360)	(2,591)	719.7%
Net income from investments	-	(6)	6	-100.0%
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**114,818**	**92,409**	**22,409**	**24.2%**
Income tax for the period	(40,956)	(36,147)	(4,809)	13.3%
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**73,862**	**56,262**	**17,600**	**31.3%**
NET PROFIT (LOSS) FOR THE PERIOD	**73,862**	**56,262**	**17,600**	**31.3%**

(Amounts in € thousand)

Net interest margin

The net interest margin as at June 30, 2014 came to €116 million, an increase of 20.9% on the same period of 2013.

It is important to note that during the first half of 2014, liquidity investment policies were amended to a certain extent, and specifically:

- as of January 1, 2014, the Bank updated the parameters and models used to define the portion of sight deposits that may be considered "Core", which feature greater duration/stability, and the "Non Core" portion. Liquidity classified as "Core" with duration exceeding one year was entirely considered as a source of medium/long-term structural financing. The interest rate paid on “Core” deposits is increased by a spread calculated as the average of the spreads paid by UniCredit on the market on the total amount of medium/long-term senior bonds issued, irrespective of their maturity In the past the spread was calculated as the weighted average of the spreads paid by UniCredit on the market on time deposits with maturity equal to the average estimated life associated with the various components of "Core" liquidity;
- as of April 1, 2014, "Core" liquidity has been invested in UniCredit bonds with maturities ranging from 2 years and 10 months to 7 years and 6 months, for a total nominal amount of €7,650 million and USD 250 million. These types of investment were determined by taking into account the overall structure of the Bank’s balance sheet and with a view to optimize the risk/return profile of the investments and diversify their maturities. The portion of liquidity classified as "Non Core" was invested in liquid assets or assets readily convertible into cash, including Italian government bonds, for a nominal amount of €1,500 million (while derivative contracts were entered into at the same time in order to convert the fixed rate into a floating rate in compliance with pre-defined limits on interest rate risk).

This new portfolio structure contributed to an increased flow of interest income resulting from the investment of sight deposits (the average lending rate went from 1.52% in the first half of 2013 to 2.03% in the first half of 2014).

			Changes	
Interest income	*06.30.2014*	*06.30.2013*	*Amount*	*%*
Financial assets held for trading	1	5	(4)	-80.0%
Available-for-sale financial assets	4,918	903	4,015	444.6%
Loans and receivables with banks	126,181	151,074	(24,893)	-16.5%
Loans and receivables with customers	14,533	12,954	1,579	12.2%
Financial assets designated at fair value through profit or loss	5	69	(64)	-92.8%
Hedging derivatives	4,084	3,918	166	4.2%
Other assets	-	1	(1)	-100.0%
Total interest income	**149,722**	**168,924**	**(19,202)**	**-11.4%**

(Amounts in € thousand)

Interest expense	*06.30.2014*	*06.30.2013*	*Changes Amount*	*%*
Deposits from banks	(3,499)	(6,188)	2,689	-43.5%
Deposits from customers	(30,282)	(46,894)	16,612	-35.4%
Debt securities in issue	-	(19,936)	19,936	-100.0%
Other liabilities	(1)	(1)	-	0.0%
Total interest expense	**(33,782)**	**(73,019)**	**39,237**	**-53.7%**
Net interest	**115,940**	**95,905**	**20,035**	**20.9%**

(Amounts in € thousand)

The following table provides a breakdown of interest income associated with banks and customers:

Breakdown of interest income	*06.30.2014*	*06.30.2013*	*Changes Amount*	*%*
Interest income on loans and receivables with banks	**126,181**	**151,074**	**(24,893)**	**-16.5%**
- current accounts	55,136	68,481	(13,345)	-19.5%
- reverse repos	457	462	(5)	-1.1%
- time deposits for compulsory reserve	159	401	(242)	-60.3%
- time deposits	22,088	61,621	(39,533)	-64.2%
- other loans	6	6	-	0.0%
- debt securities	48,335	20,103	28,232	140.4%
Interest income on loans and receivables with customers	**14,533**	**12,954**	**1,579**	**12.2%**
- current accounts	2,289	1,658	631	38.1%
- reverse repos	6,020	4,894	1,126	23.0%
- credit cards	1,772	1,638	134	8.2%
- personal loans	4,366	4,707	(341)	-7.2%
- other loans	86	57	29	50.9%

(Amounts in € thousand)

Interest income on loans and receivables with banks amounted to €126.1 million decreasing by €24.9 million compared to the same period of the previous year.

The decrease in interest income on current accounts, amounting to €13.3 million, was mainly due to the reduction in the volume of reciprocal current accounts, partially offset by the positive effect of the aforementioned revision of liquidity investment policies in the first quarter. In contrast there was an increase in interest income on debt securities amounting to €28.2 million, due to the investment of "Core" liquidity in UniCredit bonds.

Finally, interest income on time deposits decreased due to lower volumes and changes in market rates, which steadily declined during 2013; on the contrary, in the first quarter of 2013 interest was boosted by the positive effect of transactions launched in 2012 and concluded in the first few months of 2013.

Interest income on loans and receivables with customers amounted to €14.5 million, showing an increase of 12.2% thanks to higher interest on "Multiday leverage" securities lending transactions guaranteed by cash.

The following table provides a breakdown of interest expense related to banks and customers:

Breakdown of interest expense	*06.30.2014*	*06.30.2013*	*Changes Amount*	*%*
Interest expense on deposits from banks	**(3,499)**	**(6,188)**	**2,689**	**-43.5%**
- current accounts	(176)	(35)	(141)	402.9%
- other loans	(14)	(13)	(1)	7.7%
- reverse repos	(3,309)	(6,140)	2,831	-46.1%
Interest expense on deposits from customers	**(30,282)**	**(46,894)**	**16,612**	**-35.4%**
- current accounts	(9,352)	(8,046)	(1,306)	16.2%
- demand deposits	(28)	(46)	18	-39.1%
- time deposits	(18,994)	(35,251)	16,257	-46.1%
- reverse repos	(1,908)	(3,551)	1,643	-46.3%

(Amounts in € thousand)

Interest expense on deposits from banks amounted to €3.5 million, down by €2.7 million compared to the same period of the previous year, attributable to lower interest accrued on repos due to the reduction in volumes and changes in market rates.

Interest expense on deposits from customers came to €30.3 million, down by €16.6 million compared to June 30, 2013, due to a reduction in volumes and in the interest rate paid on "Cash Park" time deposits.

Income from brokerage and other income

	06.30.2014	*06.30.2013*	*Changes Amount*	*%*
Net interest	**115,940**	**95,905**	**20,035**	**20.9%**
Net fee and commission income	97,029	81,805	15,224	18.6%
Net trading, hedging and fair value income	12,889	15,808	(2,919)	-18.5%
Net other expenses/income	(1,572)	(354)	(1,218)	344.1%
Operating income	**224,286**	**193,164**	**31,122**	**16.1%**

(Amounts in € thousand)

Net fee and commission income

Management reclassification	*06.30.2014*	*06.30.2013*	*Changes Amount*	*%*
Management, brokerage and consultancy services:				
1. securities trading and order collection	42,599	37,731	4,868	12.9%
2. currency trading	(102)	(192)	90	-46.9%
3. custody and administration of securities	(1,874)	(1,872)	(2)	0.1%
4. placement of securities, investment fund units and segregated accounts	58,918	52,357	6,561	12.5%
6. investment advisory services	61	(25)	86	n.c.
7. distribution of insurance products	6,748	6,010	738	12.3%
8. distribution of other products	(126)	(108)	(18)	16.7%
Collection and payment services	5,383	4,519	864	19.1%
Holding and management of current/deposit accounts	(3,574)	(3,506)	(68)	1.9%
Other fee expense personal financial advisors	(12,013)	(12,742)	729	-5.7%
Securities lending	(1,146)	(2,338)	1,192	-51.0%
Other Services	2,155	1,971	184	9.3%
Total	**97,029**	**81,805**	**15,224**	**18.6%**

(Amounts in € thousand)

Net fee and commission income amounted to €97 million, increasing by 18.6% compared to the same period of the previous year.
This increase was mainly attributable to the increase in net fee and commission income from trading and asset management, units in investment funds and segregated accounts, thanks to the increase in assets under management and securities trading and order collection commissions, as a result of the increase in the number of orders executed.

Net trading, hedging and fair value income is mainly determined from gains realized from securities trading and CFDs. The decrease of €2.9 million is attributable to lower profits from securities trading and Forex CFDs, partially offset by greater profits from trading on CFDs on indices.

The Balance of Net other expenses/income also includes the net gains and losses on disposal and repurchase transactions related to the securities issued by the Bank and classified in the "*Loans and Receivables*" portfolio, which were sold to UniCredit, and the repurchase of securities issued by the Bank and underwritten by UniCredit.
As described above, by underwriting bonds issued by UniCredit as part of the new liquidity investment policy and following the gradual reduction in repo transactions with customers that had led the Bank and UniCredit to reciprocally underwrite and issue such bonds, both parties were able to sell part of the securities held in the portfolio and to repurchase the securities in issue, thereby realizing a gain (loss) on the disposal or the repurchase. For more details see the section "Loans and receivables with banks".

Operating costs

			Changes	
Breakdown of operating costs	*06.30.2014*	*06.30.2013*	*Amount*	*%*
Payroll costs	(31,835)	(30,990)	(845)	2.7%
Other administrative expenses	(106,991)	(92,607)	(14,384)	15.5%
Recovery of expenses	37,542	28,054	9,488	33.8%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(3,942)	(3,491)	(451)	12.9%
Total operating costs	**(105,226)**	**(99,034)**	**(6,192)**	**6.3%**

(Amounts in € thousand)

Payroll costs	*06.30.2014*	*06.30.2013*	*Changes*	
			Amount	*%*
1) Employees	**(30,886)**	**(29,889)**	**(997)**	**3.3%**
- wages and salaries	(21,481)	(20,443)	(1,038)	5.1%
- social security contributions	(5,790)	(5,659)	(131)	2.3%
- severance pay	(390)	(387)	(3)	0.8%
- allocation to employee severance pay provision	(67)	(71)	4	-5.6%
- payments to external pension funds:				
a) defined contribution	(1,237)	(1,175)	(62)	5.3%
- costs related to share-based payments	(386)	(571)	185	-32.4%
- other employee benefits	(1,535)	(1,583)	48	-3.0%
2) Other staff	**(51)**	**(55)**	**4**	**-7.3%**
3) Directors and statutory auditors	**(456)**	**(423)**	**(33)**	**7.8%**
4) Early retirement costs	**-**	**-**	**-**	**n.c.**
5) Recovery of expenses for employees seconded to other companies	**54**	**40**	**14**	**35.0%**
6) Recovery of expenses for employees seconded to the Company	**(496)**	**(663)**	**167**	**-25.2%**
Total	**(31,835)**	**(30,990)**	**(845)**	**2.7%**

(Amounts in € thousand)

Payroll costs as at June 30, 2014 went up by 2.7%, mainly due to the increase in the number of human resources from 965 as at June 30, 2013 to 989 as at June 30, 2014.

Note that item "costs related to share-based payments", refers to the costs incurred by FinecoBank for share-based payments involving financial instruments issued by UniCredit S.p.A..

To correctly assess the development of administrative costs they must be analysed in conjunction with the recovery of expenses, and the contributions of "Indirect taxes and duties" and "Advertising expenses – marketing and communication" must be separated out from "Other administrative expenses".
The total of other administrative expenses and recovery of expenses amounted to €69.4 million, an increase of €4.9 million compared to the same period of the previous year. Costs showed an overall reduction if it is considered that, in the first half of 2014, the costs related to the listing of FinecoBank were booked as incurred for €5.2 million.

Other administrative expenses and recovery of expenses	*06.30.2014*	*06.30.2013*	*Changes Amount*	*%*
1) INDIRECT TAXES AND DUTIES	**(38,502)**	**(28,955)**	**(9,547)**	**33.0%**
2) MISCELLANEOUS COSTS AND EXPENSES				
A) Advertising expenses - Marketing and communication	**(11,977)**	**(15,075)**	**3,098**	**-20.6%**
Mass media campaigns	(9,283)	(11,921)	2,638	-22.1%
Marketing and promotions	(2,617)	(3,089)	472	-15.3%
Sponsorships	(58)	(44)	(14)	31.8%
Conventions and internal communications	(19)	(21)	2	-9.5%
B) Expenses related to credit risk	**(598)**	**(544)**	**(54)**	**9.9%**
Credit recovery expenses	(369)	(338)	(31)	9.2%
Commercial information and company searches	(229)	(206)	(23)	11.2%
C) Expenses related to personnel	**(9,155)**	**(6,061)**	**(3,094)**	**51.0%**
Personnel training	(259)	(203)	(56)	27.6%
Car rental and other payroll costs	(22)	(26)	4	-15.4%
Personal financial advisor expenses	(8,532)	(5,556)	(2,976)	53.6%
Travel expenses	(311)	(229)	(82)	35.8%
Premises rentals for personnel	(31)	(47)	16	-34.0%
D) ICT expenses	**(13,741)**	**(14,466)**	**725**	**-5.0%**
Lease of ICT equipment and software	(2,157)	(2,544)	387	-15.2%
Software expenses: lease and maintenance	(3,001)	(2,905)	(96)	3.3%
ICT communication systems	(1,592)	(1,754)	162	-9.2%
ICT services: external personnel/outsourced services	(3,327)	(3,521)	194	-5.5%
Financial information providers	(3,664)	(3,742)	78	-2.1%
E) Consulting and professional services	**(5,086)**	**(1,501)**	**(3,585)**	**238.8%**
Consultancy for ordinary operations	(408)	(281)	(127)	45.2%
Consultancy for strategy, business development and organisational optimisation	(2,125)	-	(2,125)	n.c.
Legal expenses	(1,315)	(3)	(1,312)	43733.3%
Legal disputes	(1,238)	(1,217)	(21)	1.7%
F) Real estate expenses	**(10,535)**	**(10,564)**	**29**	**-0.3%**
Real estate services	(343)	(343)	-	0.0%
Repair and maintenance of furniture, machinery, and equipment	(125)	(121)	(4)	3.3%
Maintenance of premises	(528)	(510)	(18)	3.5%
Premises rentals	(8,455)	(8,035)	(420)	5.2%
Cleaning of premises	(265)	(239)	(26)	10.9%
Utilities	(819)	(1,316)	497	-37.8%
G) Other functioning costs	**(17,397)**	**(15,441)**	**(1,956)**	**12.7%**
Surveillance and security services	(185)	(200)	15	-7.5%
Postage and transport of documents	(1,250)	(1,388)	138	-9.9%
Administrative and logistic services	(7,409)	(6,727)	(682)	10.1%
Insurance	(1,816)	(1,929)	113	-5.9%
Printing and stationery	(292)	(278)	(14)	5.0%
Association dues and fees	(5,642)	(4,552)	(1,090)	23.9%
Other administrative expenses	(803)	(367)	(436)	118.8%
H) Recovery of costs	**37,542**	**28,054**	**9,488**	33.8%
Recovery of ancillary expenses	198	95	103	108.4%
Recovery of taxes	37,344	27,959	9,385	33.6%
Total	**(69,449)**	**(64,553)**	**(4,896)**	**7.6%**

(Amounts in € thousand)

Indirect taxes and duties net of Recovery of taxes increased by €0.2 million, mainly attributable to the amount of "Tobin Tax" paid on transactions executed by the Bank on its own behalf.

Advertising – marketing and communication expenses decreased by €3.1 million, due to lower investments in advertising planned and implemented in the first half of 2014 compared to the first half of 2013.

There was an increase of €7.8 million compared to the previous year in other administrative expenses net of indirect taxes and duties, recovery of taxes and advertising expenses – marketing and communication.
This increase is attributable to greater expenses for financial advisors, as a result of higher intensity recruitment beginning in 2012. This resulted in higher costs for trade association dues and fees mainly owing to the increase in charges for the ENASARCO association and the FIRR termination compensation fund, due to the increased number of advisors and the commissions used as the basis for determining dues.

These were in addition to "Legal expenses", "Consultancy for strategy, business development and organizational optimization" and "Association duties and fees" linked to the listing project.

Impairment losses on intangible assets relate mainly to the amortization of the costs incurred for computer software with a long-term useful life and did not show any significant change with respect to the previous year.

Impairment losses on tangible assets refer to the depreciation applied to electronic machines, plant and machinery, office furniture and fittings. These increased by €0.4 million on the previous year, mainly due to greater depreciation applied to electronic machines.

Profit (loss) before tax from continuing operations

			Changes	
	06.30.2014	*06.30.2013*	*Amount*	*%*
Operating profit (loss)	**119,060**	**94,130**	**24,930**	**26.5%**
Net impairment losses on loans and provisions for guarantees and commitments	(1,291)	(1,355)	64	-4.7%
Net operating profit (loss)	**117,769**	**92,775**	**24,994**	**26.9%**
Provisions for risks and charges	(2,951)	(360)	(2,591)	719.7%
Net income from investments	-	(6)	6	-100.0%
Profit before tax	**114,818**	**92,409**	**22,409**	**24.2%**

(Amounts in € thousand)

Net impairment losses on loans did not show any significant change compared to June 30, 2013.

Provisions for risks and charges showed an increase of €2.6 million related to a revised accounting method for marketing campaigns, which in the first half of 2013 had resulted in reallocations through profit or loss for a total of €2.9 million. Starting from 2014, the net provisions for risks and charges in relation to marketing campaigns are booked in a specific item (item 20 Interest expense and similar charges), in order to provide a more accurate accounting recognition.

Profit before tax amounted to €114.8 million, increasing by 24.2% on June 30, 2013 due to the positive contribution from net interest margin, as a result of the revision of the liquidity investment policies mentioned above, and from net fee and commission income, owing to the increase in commission income deriving from assets under management and securities trading and order collection, which largely offset the increase in administrative costs related to the listing project.

Income tax for the period

Breakdown of taxes for the year	*06.30.2014*	*06.30.2013*	*Changes Amount*	*%*
Current IRES income tax charges	(29,025)	(23,435)	(5,590)	23.9%
Current IRAP corporate tax charges	(7,591)	(7,087)	(504)	7.1%
Adjustment to current tax of prior years	(1,900)	(2,800)	900	-32.1%
Total current taxes	**(38,516)**	**(33,322)**	**(5,194)**	**15.6%**
Change in deferred tax assets	(1,550)	(1,913)	363	-19.0%
Change in deferred tax liabilities	(667)	(689)	22	-3.2%
Total deferred tax liabilities	**(2,217)**	**(2,602)**	**385**	**-14.8%**
Gain from substitute tax exemption	(223)	(223)	-	-
Income tax for the period	**(40,956)**	**(36,147)**	**(4,809)**	**13.3%**

(Amounts in € thousand)

Current income taxes were calculated according to the legal provisions introduced by Legislative Decree no. 38 of February 28, 2005, issued following the incorporation of IAS/IFRS into Italian legislation and of Decree no. 48 of April 1, 2009, which established provisions for the implementation and coordination of tax requirements for IAS Adopter parties.

Law no. 2/2009 introduced the option, through the payment of a substitute tax, to recalculate the tax deductible amounts of goodwill. On the instructions of the Parent Company, in 2008 FinecoBank realigned the goodwill recognized following the merger of UniCredit Xelion Sim into UniCredit Xelion Banca S.p.A..
The redeemed goodwill may be amortized off the books for an amount not exceeding one ninth for 2010 and one tenth from 2011 onwards.
In 2008, the tax benefit expected from the future deductibility of off-the-book amortization, corresponding to €4 million, was recognized in the accounts. A tenth of this amount will be recognized through profit or loss for each year of the tax deduction of tax-related amortization of goodwill.

For the three-year period 2013-2015, FinecoBank, in its capacity as consolidated company, is subject to "national tax consolidation", as established by Legislative Decree no. 344 of December 12, 2003, which is carried out by the Parent Company, UniCredit.

Net profit (loss) for the period

Net profit for the period came to €73.9 million, an increase of 31.3% on the previous year mainly due to the increase in net interest margin associated with the new liquidity investment policy, the increase in net fee and commission income resulting from the higher volume of assets under management as well as overall cost containment.

TRANSACTIONS WITH GROUP COMPANIES

The following table provides a summary of outstanding assets, liabilities, guarantees and commitments as at June 30, 2014 in relation to Group companies.

	Assets	*Liabilities*	*Guarantees and commitments*
Transactions with the Parent Company UniCredit S.p.A.	13,444,888	1,415,032	266,070
Transactions with companies controlled by UniCredit S.p.A.	30,154	33,594	-

(Amounts in € thousand)

SUBSEQUENT EVENTS AND OUTLOOK

SUBSEQUENT EVENTS

On July 15, 2014, following the listing of the ordinary shares of the Bank, the Board of Directors of FinecoBank approved:

- the total number of newly issued FinecoBank shares freely assignable to the recipients of the stock granting plan "2014-2017 Multi Year Top Plan Management" (guidelines approved by the Board of Directors on April 15, 2014 and related regulation by the Board of Directors on May 15, 2014, with execution conditional on listing), and the allocation of the shares quota for the year 2014. Specifically, the total number of shares that can be assigned under the plan has been set at 2,523,400. The quota allocated for 2014 amounted to 630,850 shares (grant date September 30, 2014). As defined by the Plan Rules, the allocation of the other quotas is expected in 2015, 2016 and 2017. The number of shares allocated to each quota may decrease according to the Bank's requirement to keep the ratio between the variable and fixed part of the remuneration in line with the rules applicable at the time. In order to ensure a more appropriate balance between the short-, medium- and long-term variable components of remuneration, the Board of Directors may reduce the value of the variable remuneration granted under the Plan down to the limit of 100% of fixed remuneration. The shares allotted pursuant to the above rules, will actually be assigned after a three-year vesting period (i.e. in 2017 for the quota allotted in 2014), upon satisfaction of pre-defined conditions;
- the list of employees identified as Key People under the "2014 Plan Key People" plan (stock granting plan, whose guidelines were approved by the Board of Directors on April 15, 2014 and the related regulation by the Board of Directors on May 15, 2014, with execution conditional on listing), and the shares to be allocated to the said people. The total number of newly issued shares allocated under the plan amounted to 796,390 (grant date September 30, 2014); they will be assigned, upon verification that pre-defined conditions have been satisfied, in three annual tranches, the first of which in 2015 and the third in 2017.

The dilution effect for shareholders arising from the free capital increases used in execution of the mentioned stock granting plans and the Group Incentive System is calculated as a maximum of 0.61% of the *fully diluted* capital.

On July 17, 2014, the coordinators of FinecoBank ordinary shares global offering (the "'Global Offering"), UBS Investment Bank and UniCredit Corporate & Investment Banking, exercised the greenshoe option granted by UniCredit for 27,283,000 shares, representing all the over-allotted shares. The purchase price of the shares issued under the greenshoe option was €3.7 per share - corresponding to the offer price set in the Global Offering - for a gross amount of €100,947,100. Payment of the shares under the greenshoe option was made on July 22, 2014.
Including the shares subject to the greenshoe option, the Global Offering concerned a total of 209,166,000 FinecoBank ordinary shares, representing approximately 34.5% of the share capital, for a total corresponding value of approximately €774 million, before fees and expenses.

OUTLOOK AND MAIN RISKS AND UNCERTAINTIES IN THE SECOND HALF OF THE YEAR

The second part of 2014 will probably be characterized by ongoing uncertainty related to a difficult macroeconomic environment where any signs of economic recovery are scarce.

Fineco will continue to pursue its strategy of consolidation and further strengthening of its competitive positioning in the Italian market of integrated *banking*, *brokerage* and *investing* services. Achieving this goal will require the network of financial advisors to be strengthened, leveraging innovation to expand the range of product and services offered, and developing the advisory area in order to meet the increasingly sophisticated needs of a broader customer base. All these activities will be supported by advertising investments aimed at consolidating customers' perception of the fundamental characteristics of FinecoBank's proposal: simplicity, transparency and innovation.

The above steps reflects a strategy that combines the main trends characterizing the competitive environment in which we operate: the increasing digitization of society and a growing demand for financial advisory services.

NUMBER OF TREASURY SHARES AND SHARES IN THE PARENT COMPANY

FinecoBank does not hold, and did not hold during the first half of 2014, including through other companies or third parties, treasury shares or shares of the Parent Bank.

Milan – August 1, 2014

THE BOARD OF DIRECTORS

The Chairman
Enrico Cotta Ramusio

The Managing Director
Alessandro Foti

RECONCILIATION OF CONDENSED ACCOUNTS TO MANDATORY REPORTING SCHEDULE

ASSETS	*06.30.2014*	*12.31.2013*
Cash and cash balances = *item 10*	14	5
Financial assets held for trading = *item 20*	10,407	4,700
Loans and receivables with banks = *item 60*	13,476,117	16,330,912
Loans and receivables with customers = *item 70*	696,142	641,250
Financial investments	1,715,320	93,114
30. Financial assets designated at fair value through profit or loss	-	*3,199*
40. Available-for-sale financial assets	*1,715,320*	*89,915*
Hedging instruments	35,637	179,265
80. Hedging derivatives	*9,926*	*123,143*
90. Changes in fair value of portfolio hedged financial liabilities	*25,711*	*56,122*
Property, plant and equipment = *item 110*	11,391	10,772
Goodwill = *item 120. Intangible assets of which: goodwill*	89,602	89,602
Other intangible assets = *item 120 net of goodwill*	7,915	8,014
Tax assets = *item 130*	42,891	67,934
Other assets = *item 150*	227,865	256,629
Total assets	**16,313,301**	**17,682,197**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	*06.30.2014*	*12.31.2013*
Deposits from banks = *item 10*	1,026,852	1,648,675
Deposits from customers	13,911,224	12,732,309
20. Deposits from customers	*13,911,224*	*12,732,309*
Debt securities in issue	421,965	2,322,511
30. Debt securities in issue	*421,965*	*2,322,511*
Financial liabilities held for trading = *item 40*	4,867	2,301
Hedging instruments	48,960	178,574
60. Hedging derivatives	*38,579*	*141,801*
70. Changes in fair value of portfolio hedged financial assets	*10,381*	*36,773*
Provisions for risks and charges = *item 120*	110,507	109,354
Tax liabilities = *item 80*	52,975	37,701
Other liabilities	264,249	231,623
100. Other liabilities	*260,100*	*227,862*
110. Employee severance pay provision	*4,149*	*3,761*
Shareholders' equity	471,702	419,149
- capital and reserves	392,928	329,719
160. Reserves	*190,924*	*127,715*
170. Share premium reserve	*1,934*	*1,934*
180. Share capital	*200,070*	*200,070*
- revaluation reserves	4,912	4,214
130. Revaluation reserves of which: Available-for-sale financial assets	*3,287*	*641*
130. Revaluation reserves actuarial gains (losses) from defined benefit plans	*1,625*	*3,573*
- net profit = *item 200*	73,862	85,216
Total liabilities and shareholders' equity	**16,313,301**	**17,682,197**

(Amounts in € thousand)

INCOME STATEMENT	*06.30.2014*	*06.30.2013*
Net interest	115,940	95,905
30. Net interest margin	*115,940*	*95,905*
Dividends and other income from equity investments	-	-
70. Dividend income and similar revenue	*4*	*-*
less: dividends from held for trading equity instruments included in item 70	*(4)*	*-*
Net fee and commission income = *item 60*	97,029	81,805
60. Net fee and commission income	*97,029*	*81,805*
Net trading, hedging and fair value income	12,889	15,808
80. Gains (losses) on financial assets and liabilities held for trading	*12,867*	*15,524*
+ dividends from held for trading equity instruments (from item 70)	*4*	*-*
90. Fair value adjustments in hedge accounting	*-*	*-*
110. Gains (losses) on assets and liabilities at fair value through profit and loss	*18*	*284*
Net other expenses/income	(1,572)	(354)
190. Other net operating income	*35,974*	*27,699*
less: other operating income - of which: recovery of costs	*(37,542)*	*(28,054)*
100. Gains (losses) on disposal and repurchase of: a) loans and receivables	*49,159*	*-*
100. Gains (losses) on disposal and repurchase of: d) financial liabilities	*(49,163)*	*-*
OPERATING INCOME	**224,286**	**193,164**
Payroll costs	(31,835)	(30,990)
150. Administrative costs - a) payroll costs	*(31,835)*	*(30,990)*
Other administrative expenses	(106,991)	(92,607)
150. Administrative costs - b) other administrative expenses		*(92,607)*
Recovery of expenses	37,542	28,054
190. Other net operating income - of which: recovery of costs	*37,542*	*28,054*
Amortisation, depreciation and impairment losses on intangible and tangible assets	(3,942)	(3,491)
170. Impairment/write-backs on property, plant and equipment	*(1,607)*	*(1,175)*
180. Impairments/write-backs on intangible assets	*(2,335)*	*(2,316)*
Operating costs	**(105,226)**	**(99,034)**
OPERATING PROFIT (LOSS)	**119,060**	**94,130**
Net impairment losses on loans and provisions for guarantees and commitments	(1,291)	(1,355)
130. Impairment losses/write-backs on: a) loans and receivables	*(1,331)*	*(1,355)*
130. Impairment losses/write-backs on: d) other financial assets	*40*	*-*
NET OPERATING PROFIT (LOSS)	**117,769**	**92,775**
Provisions for risks and charges	(2,951)	(360)
160. Provisions for risks and charges	*(2,951)*	*(360)*
Net income from investments	-	(6)
240. Gains (losses) on disposal of investments	*-*	*(6)*
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**114,818**	**92,409**
Income tax for the period	(40,956)	(36,147)
260. Tax expense (income) related to profit or loss from continuing operations	*(40,956)*	*(36,147)*
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**73,862**	**56,262**
NET PROFIT (LOSS) FOR THE PERIOD	**73,862**	**56,262**

(Amounts in € thousand)

Bank

financial statements

BALANCE SHEET

BALANCE SHEET - ASSETS		*06.30.2014*	*12.31.2013*
10.	Cash and cash balances	13,728	4,634
20.	Financial assets held for trading	10,406,679	4,700,335
30.	Financial assets designated at fair value through profit or loss	-	3,199,399
40.	Available-for-sale financial assets	1,715,319,674	89,914,773
60.	Loans and receivables with banks	13,476,117,258	16,330,912,207
70.	Loans and receivables with customers	696,141,729	641,249,951
80.	Hedging derivatives	9,926,293	123,142,677
90.	Changes in fair value of portfolio hedged financial assets (+/-)	25,711,333	56,122,418
110.	Property, plant and equipment	11,390,555	10,771,844
120.		97,516,629	97,615,790
	of which		
	- goodwill	*89,601,768*	*89,601,768*
130.	Tax assets	42,891,393	67,934,309
	a) current tax assets	*2,401,351*	*25,264,179*
	b) deferred tax assets	*40,490,042*	*42,670,130*
	out of which for purposes of Law 214/2011	*3,335,171*	*3,473,290*
150.	Other assets	227,865,255	256,629,063
Total assets		**16,313,300,526**	**17,682,197,400**

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY		*06.30.2014*	*12.31.2013*
10.	Deposits from banks	1,026,852,314	1,648,675,366
20.	Deposits from customers	13,911,223,622	12,732,308,955
30.	Debt securities in issue	421,965,149	2,322,511,058
40.	Financial liabilities held for trading	4,866,978	2,301,409
60.	Hedging derivatives	38,579,390	141,800,654
70.	Changes in fair value of portfolio hedged financial liabilities (+/-)	10,381,305	36,773,395
80.	Tax liabilities	52,975,266	37,700,727
	a) current tax liabilities	*30,155,919*	*16,841,629*
	b) deferred tax liabilities	*22,819,347*	*20,859,098*
100.	Other liabilities	260,098,188	227,861,470
110.		4,149,204	3,760,989
120.	Provisions for risks and charges	110,507,276	109,354,461
	b) other provisions	*110,507,276*	*109,354,461*
130.	Revaluation reserves	4,911,830	4,214,349
160.	Reserves	190,922,980	127,714,418
170.	Share premium reserve	1,934,113	1,934,113
180.	Share capital	200,070,431	200,070,431
200.	Net Profit (Loss) for the year	73,862,480	85,215,605
Total liabilities and shareholders' equity		**16,313,300,526**	**17,682,197,400**

INCOME STATEMENT

INCOME STATEMENT		*01.01.2014/06.30.2014*	*01.01.2013/06.30.2013*
10.	Interest income and similar revenues	149,721,822	168,923,744
20.	Interest expenses and similar charges	(33,781,342)	(73,019,079)
30.	**Net interest margin**	**115,940,480**	**95,904,665**
40.	Fee and commission revenues	199,783,545	179,951,810
50.	Fee and commission expenses	(102,754,740)	(98,146,629)
60.	**Net fee and commission income**	**97,028,805**	**81,805,181**
70.	Dividend income and similar revenue	4,136	221
80.	Gains (losses) on financial assets and liabilities held for trading	12,867,009	15,523,768
90.	Fair value adjustments in hedge accounting	-	-
100.	Gains (losses) from disposal or repurchase of:	(4,219)	20
	a) loans and receivables	*49,159,044*	*20*
	d) financial liabilities	*(49,163,263)*	-
110.	Gains (losses) on financial assets/liabilities	18,204	284,066
120.	**Operating income**	**225,854,415**	**193,517,921**
130.	Impairment losses on:	(1,291,395)	(1,354,531)
	a) loans and receivables	*(1,330,906)*	*(1,354,531)*
	d) other financial assets	*39,511*	-
140.	**Net profit (loss) from financial activities**	**224,563,020**	**192,163,390**
150.	Administrative costs	(138,825,971)	(123,597,100)
	a) payroll costs	*(31,834,550)*	*(30,990,071)*
	b) other administrative expenses	*(106,991,421)*	*(92,607,029)*
160.	Net provisions for risks and charges	(2,951,402)	(359,678)
170.	Impairment/Write-backs on property, plant and equipment	(1,607,426)	(1,174,699)
180.	Impairment/write-backs on intangible assets	(2,334,515)	(2,316,160)
190.	Other net operating income	35,975,064	27,699,089
200.	**Operating costs**	**(109,744,250)**	**(99,748,548)**
240.	Gains (losses) on disposal of investments	(421)	(6,287)
250.	**Total profit (loss) before tax from continuing operations**	**114,818,349**	**92,408,555**
260.	Tax expense (income) related to profit or loss from continuing operations	(40,955,869)	(36,146,826)
270.	**Total profit (loss) after tax from continuing operations**	**73,862,480**	**56,261,729**
290.	**Net Profit (Loss) for the period**	**73,862,480**	**56,261,729**

Earnings per share (€)	0.12	0.09
Diluted earnings per share (€)	0.12	0.09

Notes:

For further information on “Earnings per share” and “Diluted earnings per share” please see Notes to the Accounts, Part C - Information on the Income Statement, Section 21.

STATEMENT OF COMPREHENSIVE INCOME

	01.01.2014/06.30.2014	*01.01.2013/06.30.2013*
10. Net Profit (Loss) for the period	**73,862,480**	**56,261,729**
Other comprehensive income after tax without reclassification through profit or loss		
40. Defined benefit plans	(1,948,708)	-
Other comprehensive income after tax with reclassification through profit or loss		
100. Available-for-sale financial assets	2,646,189	(9,112)
130. Total of other comprehensive income after tax	**697,481**	**(9,112)**
140. Comprehensive income (item 10+130)	**74,559,961**	**56,252,617**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Statement of Changes in Shareholders' Equity as at 06.30.2014

	Balance as at 12.31.2013	Change in opening balance	Balance as at 01.01.2014	Allocation of profit from previous year		Change during the year								Shareholders' equity at 06.30.2014
							Shareholders' equity transactions							
				Reserves	Dividends and other distributions	Changes in reserves	Issues of new shares	Purchase of own shares	Distribution of extraordinary dividends	Changes in equity instruments	Own share derivatives	Stock options	Comprehensive income as at 06.30.2014	
Share capital:														
a) ordinary shares	200,070,431		200,070,431											200,070,431
b) other shares														
Share premium reserve	1,934,113		1,934,113											1,934,113
Reserves:														
a) from profits	127,714,418		127,714,418	63,208,562										190,922,980
b) other														
Revaluation reserves	4,214,349		4,214,349										697,481	4,911,830
Equity instruments														
Treasury shares														
Net Profit (Loss) for the period	85,215,605		85,215,605	(63,208,562)	(22,007,043)								73,862,480	73,862,480
Shareholders' equity	419,148,916	-	419,148,916	-	(22,007,043)	-	-	-	-	-	-	-	74,559,961	471,701,834

The dividends paid to shareholders amount to €20,007,043.09, equal to €0.033 per share.

Statement of Changes in Shareholders' Equity as at 06.30.2013

	Balance as at 12.31.2012	Change in opening balance	Balance as at 01.01.2013	Allocation of profit from previous year		Change during the year								Shareholders' equity at 06.30.2013
							Shareholders' equity transactions							
				Reserves	Dividends and other distributions	Changes in reserves	Issues of new shares	Purchase of own shares	Distribution of extraordinary dividends	Changes in equity instruments	Own share derivatives	Stock options	Comprehensive income as at 06.30.2013	
Share capital:														
a) ordinary shares	200,070,431		200,070,431											200,070,431
b) other shares														
Share premium reserve	1,934,113		1,934,113											1,934,113
Reserves:														
a) from profits	116,304,721		116,304,721	11,409,126		-								127,713,847
b) other														
Revaluation reserves	3,691,949		3,691,949										(9,112)	3,682,837
Equity instruments														
Treasury shares														
Retained Profit (Loss)														-
Net Profit (Loss) for the period	125,466,685		125,466,685	(11,409,126)	(114,057,559)								56,261,729	56,261,729
Shareholders' equity	447,467,899	-	447,467,899	-	(114,057,559)	-	-	-	-	-	-	-	56,252,617	389,662,957

The dividends paid to shareholders amount to €111.857.559,09, equal to €0.1845 per share.

CASH FLOW STATEMENT

Indirect method

A. OPERATING ACTIVITIES	*06.30.2014*	*06.30.2013*
1. Operations	**77,932,513**	**68,902,191**
- profit (loss) for the period	73,862,480	56,261,729
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities at fair value through profit and loss	(123,074)	(647,820)
- capital gains/losses on hedging transactions	-	-
- net write-offs/write-backs due to impairment	1,514,004	1,607,493
- net write-offs/write-backs on tangible and intangible assets	3,941,941	3,490,859
- provisions and other income/expenses	5,451,351	701,578
- duties, taxes and tax credits not paid	13,557,550	3,864,486
- net impairment/write-backs on disposal groups classified as held for sale after tax	-	-
- other adjustments	(20,271,739)	3,623,866
2. Cash flows from/used by financial assets	**(7,429,928,774)**	**1,423,082,164**
- financial assets held for trading	(1,826,691)	6,854,333
- financial assets designated at fair value through profit or loss	3,196,673	7,220,875
- available-for-sale financial assets	(1,604,752,040)	(39,900,154)
- loans and receivables with banks: on demand	-	-
- loans and receivables with banks: other loans and receivables	(5,821,434,366)	1,474,535,427
- loans and receivables with customers	(56,544,956)	(9,260,294)
- other assets	51,432,606	(16,368,023)
3. Cash flows from/used by financial liabilities	**(1,298,570,406)**	**(155,424,492)**
- deposits from banks: on demand	-	-
- deposits from banks: other payables	(616,670,675)	(377,614,420)
- deposits from customers	1,192,830,724	226,514,722
- debt securities in issue	(1,900,545,909)	-
- financial liabilities held for trading	(1,190,580)	(6,623,279)
- financial liabilities at fair value through profit and loss	-	-
- other liabilities	27,006,034	2,298,485
Net cash flows from/used in operating activities	**(8,650,566,667)**	**1,336,559,863**
B. INVESTMENT ACTIVITIES		
1. Cash flows from		
- sales of equity investments	-	-
- collected dividends on equity investments	-	-
- sales of financial assets held to maturity		-
- sales of tangible assets	128	214
- sales of intangible assets	-	-
- disposal of businesses	-	-
2. Cash flows used in		
- purchases of equity investments	-	-
- purchases of financial assets held to maturity	-	-
- purchases of tangible assets	(2,215,522)	(1,176,446)
- purchases of intangible assets	(2,235,353)	(2,019,663)
- purchases of businesses		
Net cash flows from/used in investing activities	**(4,450,747)**	**(3,195,895)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- dividends and other distributions	(22,007,043)	(114,057,559)
Net cash flows from/used in financing activities	**(22,007,043)**	**(114,057,559)**
NET LIQUIDITY GENERATED / ABSORBED DURING THE PERIOD	**(8,677,024,457)**	**1,219,306,409**

RECONCILIATION		
Balance Sheet Items		
Cash and cash balances at the beginning of the year	10,038,098,537	9,305,413,792
Net liquidity generated/absorbed during the period	(8,677,024,457)	1,219,306,409
Cash and cash balances: effect of changes in exchange rates	11,380,044	2,509,380
Cash and cash balances at the end of the period	1,372,454,124	10,527,229,581

The term "cash and cash balances" means cash recorded under item 10 of assets "cash and cash balances" and the liquid assets recorded under item 60 of assets "Loans and receivables with banks" (consisting of current accounts and deposits maturing within 3 months) net of the equivalent liquid liabilities recorded under item 10 of liabilities "Deposits from banks" (represented by current accounts and deposits maturing within 3 months).

Notes to the Accounts

PART A – ACCOUNTING POLICIES

A.1 GENERAL

Section 1 - Statement of Compliance with IFRS

These interim financial statements for the six-month period ended June 30, 2014 have been prepared in accordance with the recognition and valuation criteria set out in the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretation documents, as endorsed by the European Commission pursuant to European Union Regulation no. 1606/2002 of July 19, 2012, implemented in Italy through Legislative Decree no. 38 of February 28, 2005.

Specifically, the half-year report as at June 30, 2014 complies with the international accounting standard applicable to interim financial reports (IAS 34). Based on paragraph 10 of IAS 34, the half-year financial statements have been prepared in a condensed form.

Section 2 - Preparation criteria

As stated above, these condensed half-year financial statements have been prepared in accordance with the IFRS endorsed by the European Commission.

The half-year financial statements have been prepared in a condensed form and therefore should be read in conjunction with the annual financial statements as at December 31, 2013.

The condensed half-year financial statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement (compiled using the "indirect" method), and these explanatory Notes[5]. They are included in the half-year financial report prepared pursuant to Article 154-ter, paragraph 3 of Legislative Decree no. 58/98 which contains the Directors' Interim Report on operations.

The figures in the financial statements are provided in euros, as the currency of account, and in thousands of euros in the Notes, unless otherwise indicated.

The condensed half-year financial statements as at June 30, 2014 have been prepared on a going concern basis, in accordance with IAS 1, as there are no doubts or uncertainties as to the Bank's ability to continue its business operations and to continue operating for the foreseeable future (at least 12 months).

The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual-based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form. These criteria have not changed compared to the previous year, with the exception of the following Section A.2 "The main items of the Accounts" and Section 4- "Other matters", with reference to new standards and interpretations becoming effective.

---

[5] Some of the tables contain the following symbols:
(-) indicates that the item is equal to zero or its amount is less than 1 thousand euro;
"X" indicates that the amount for that item is not required in accordance with the provisions of the Bank of Italy Circular no. 262/2005.

The activity of the Bank is not affected by any significant seasonal and/or cyclical factor.

Section 3 - Subsequent events

On July 15, 2014, following the listing of the ordinary shares of the Bank, the Board of Directors of FinecoBank approved:

- the total number of newly issued FinecoBank shares freely assignable to the recipients of the stock granting plan "2014-2017 Multi Year Top Plan Management" (guidelines approved by the Board of Directors on April 15, 2014 and related regulation by the Board of Directors on May 15, 2014, with execution conditional on listing), and the allocation of the shares quota for the year 2014. Specifically, the total number of shares that can be assigned under the plan has been set at 2,523,400. The quota allocated for 2014 amounted to 630,850 shares (grant date September 30, 2014). As defined by the Plan Rules, the allocation of the other quotas is expected in 2015, 2016 and 2017. The number of shares allocated to each quota may decrease according to the Bank's requirement to keep the ratio between the variable and fixed part of the remuneration in line with the rules applicable from time to time. In order to ensure a more appropriate balance between the short-, medium- and long-term variable components of the remuneration, the Board of Directors may reduce the value of the variable remuneration granted under the Plan down to the limit of 100% of the fixed remuneration. The shares allotted pursuant to the above rules, will actually be assigned, after a three-year vesting period (i.e. in 2017 for the quota allotted in 2014), upon satisfaction of pre-defined conditions;
- the list of employees identified as Key People under the "2014 Plan Key People" plan (stock granting plan whose guidelines were approved by the Board of Directors on April 15, 2014 and the related regulation by the Board of Directors on May 15, 2014, with execution conditional on listing), and the shares to be allocated to the said people. The total number of newly issued shares allocated under the plan amounted to 796,390 (grant date September 30, 2014); they will be assigned, upon verification that pre-defined conditions have been satisfied, in three annual tranches, the first of which in 2015 and the third in 2017.

The dilution effect for shareholders arising from the free capital increases used in execution of the mentioned stock granting plans and the Group Incentive System is calculated as a maximum of 0.61% of the *fully diluted* capital.

No significant events occurred after June 30, 2014 that would make it necessary to change any of the information given in the condensed half-year financial statements. Please refer to the specific section of the Interim Report on Operations for a description of the significant events after half-year end.

The condensed half-year financial statements were approved by the Board of Directors' meeting of August 1, 2014, which authorized their publication.

Section 4 - Other Matters

In 2014, the following accounting standards, amendments and interpretations have become effective for reporting periods beginning on or after January 1, 2014:

- IAS 27 revised – Separate Financial Statements (EU Regulation 1254/2012);
- IAS 28 revised - Investments in Associates and Joint Ventures (EU Regulation 1254/2012);

- IFRS 10 - Consolidated Financial Statement (EU Regulation 1254/2012);
- IFRS 11 - Joint Arrangements (EU Regulation 1254/2012);
- IFRS 12 - Disclosure of Interests in Other Entities (EU Regulation 1254/2012);
- Amendments to IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (EU Regulation 1374/2013);
- Amendments to IAS 32 – Financial Instruments: presentation – Offsetting Financial Assets and Financial Liabilities (EU Regulation 1256/2012);
- Amendments to IAS 39 - Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting (EU Regulation 1375/2013);
- Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance (EU Regulation 313/2013);
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities (EU Regulation 1174/2013);
- IFRIC 21 – Levies (EU Regulation 634/2014).

Where applicable, these accounting standards, amendments and interpretations had no impact on the financial position and results of the Bank as at June 30, 2014.

In 2014 the European Commission did not approve any other accounting standards.

Finally, as at June 30, 2014, the IASB issued the following accounting standards and interpretations or revisions thereof, whose approval process by the European Union is still ongoing:

- IFRS 9 – Financial Instruments (November 2009) and subsequent amendments:
  - Amendments to IFRS 9 – Mandatory Effective Date and Transition – December 2011;
  - Hedge accounting and amendments to IFRS9, IFRS7 and IAS 39 – November 2013;
- IFRS 14 - Rate-regulated activities (January 2014);
- IFRS 15 - Revenue from contracts with customers (May 2014);
- Amendments to IAS 16 and IAS 41: Agriculture Bearer plants (June 2014)
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization (May 2014);
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (May 2014)
- Amendments to IAS 19 - Defined benefit plans: Employee contributions (November 2013);
- Annual Improvements to International Financial Reporting Standards, 2010-2012 Cycle (December 2013);
- Annual Improvements to International Financial Reporting Standards, 2011-2013 Cycle (December 2013).

However, application of these principles by the Bank is subject to their approval by the European Union.

Risks and uncertainties related to the use of estimates

In the application of the accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities as well as the information regarding potential assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimated figures have been used for the recognition of some of the largest value-based items in the half-year financial statements as at June 30, 2014, as required by the accounting standards and regulations described above. These estimates are largely based on calculations of future recoverability of the values recognized in the accounts according to the rules laid down in current legislation and have been made on the assumption of a going concern, i.e. without contemplating the possibility of the forced sale of the items measured.

The processes adopted support the values recognized at June 30, 2014.

Valuation is particularly complex given the uncertainty of the macroeconomic and market situation, characterized by the significant volatility of financial indicators used in the valuation process and still high levels of credit quality impairment.

The parameters and information used to check the above-mentioned values are therefore significantly affected by such factors, which could change rapidly in ways that are currently unforeseeable, such that further effects on future book values cannot be ruled out.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any changes resulting from these reviews are recognized in the period in which the review was carried out, provided the change only concerns that period. If the revision concerns both current and future periods it is recognized accordingly in both current and future periods.

Uncertainty affecting estimates is generally inherent in the determination of:

- fair value of financial instruments not listed in active markets;
- receivables, and in general, all other financial assets/liabilities;
- employee severance pay provision (Italy) and other employee and financial advisor benefits;
- provisions for risks and charges;
- goodwill;
- deferred tax assets;
- tax liabilities.

This is because the quantification of these items is mainly influenced by the performance of the financial markets, which affect interest rates, price fluctuations, actuarial assumptions and, more generally, the creditworthiness of borrowers and counterparties, as well as the progress and development of ongoing or potential litigation.

In this regard, there have been no changes in estimate criteria compared to those applied in the preparation of financial statements for the year ended December 31, 2013.

A.2 THE MAIN ITEMS OF THE ACCOUNTS

With regard to the classification and valuation of the main items, please refer to Part A.2 of the Notes to the Consolidated Accounts as at December 31, 2013.

The costs incurred for the listing of FinecoBank ordinary shares, which was completed on July 2, 2014 when trading on the shares began, were booked to the income statement as incurred, with the exception of commissions due to the Syndicate in charge of the Public Offer and the Syndicate in charge of the Institutional Placement, which were paid by the selling Shareholder.

With regard to specific *Fair Value* hedging derivatives of securities included in the portfolio of “Available-for-sale financial assets”, entered into in the first half - the *fair value* changes of the hedging instrument were recognized through profit or loss in item 90. “Fair value adjustments in hedge accounting”; *fair value* changes of the hedged item attributable to the hedged risk (interest rate risk) were recognized through profit or loss in the same item; *fair value* changes of the hedged item attributable to the non-hedged risk (essentially, credit risk) were recognized in the Revaluation reserves for available-for-sale financial assets.

A.3 DISCLOSURE ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

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

No data to report.

A.3.2 Reclassified financial assets: Impact on comprehensive income before transfer

No data to report.

A.3.3 Transfer of financial assets held for trading

No data to report.

A.3.4 Effective interest rate and cash flows expected from reclassified assets

No data to report.

A.4 INFORMATION ON FAIR VALUE

Qualitative information

With reference to the qualitative information on fair value, the reader should refer to the annual Financial Statements as at December 31, 2013 - Part A.4 of the Notes.

Quantitative information

The following tables show a breakdown of financial assets and liabilities designated at *fair value* on a recurrent basis according to the levels of the *fair value* hierarchy set out in IFRS 13, based on the observability of inputs used in the valuation techniques, the transfers of assets and liabilities between level 1 and level 2, as well as the annual changes of Level 3 assets or liabilities.

A.4.5 Fair Value Hierarchy

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

	Total 06.30.2014			*Total 12.31.2013*		
Assets/Liabilities designated at fair value through profit and loss	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	8,880	1,509	18	3,717	969	14
2. Financial assets designated at fair value through profit or loss	-	-	-	3,199	-	-
3. Available-for-sale financial assets	1,715,314	-	-	89,910	-	-
4. Hedging derivatives	-	9,926	-	-	123,143	-
5. Property, plant and equipment	-	-	-	-	-	-
6. Intangible assets	-	-	-	-	-	-
Total	**1,724,194**	**11,435**	**18**	**96,826**	**124,112**	**14**
1. Financial liabilities held for Trading	3,760	1,107	-	1,709	592	-
2. Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
3. Hedging derivatives	-	38,579	-	-	141,801	-
Total	**3,760**	**39,686**	**-**	**1,709**	**142,393**	**-**

(Amounts in € thousand)

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

A.4.5.1.1 Assets and liabilities measured at fair value on a recurring basis: transfers between levels of fair value hierarchy (level 1 and level 2)

No data to report.

A.4.5.2 Assets measured at fair value on a recurring basis (level 3): changes of the period

	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Hedging derivatives	Property, plant and equipment	Intangible assets
1. Opening balances	**14**	**-**	**-**	**-**	**-**	**-**
2. Increases						
2.1 Purchases	1,379	-	-	-	-	-
2.2 Profits recognised in:						
2.2.1 Income Statement	16	-	-	-	-	-
- of which Unrealised gains	4	-	-	-	-	-
2.2.2 Equity			-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-
3. Decreases						
3.1 Sales	(1,391)	-	-	-	-	-
3.2 Redemptions	-	-	-	-	-	-
3.3 Losses recognised in:						
3.3.1 Income Statement	-	-	-	-	-	-
- of which Unrealised losses	-	-	-	-	-	-
3.3.2 Equity			-	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	-	-
4. Closing balances	**18**	**-**	**-**	**-**	**-**	**-**

(Amounts in € thousand)

A.4.5.3 Liabilities measured at fair value on a recurring basis (level 3): changes of the period

No change to report.

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

Asset/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	*Total 06.30.2014*				*Total 12.31.2013*			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Held-to-maturity investments	-	-	-	-	-	-	-	-
2. Loans and receivables with banks	13,476,117	-	9,752,660	4,196,642	16,330,912	-	16,425,906	-
3. Loans and receivables with customers	696,142	-	1	710,980	641,250	-	650,772	4,731
4. Property, plant and equipment held for investment	2,677	-	-	4,813	2,734	-	-	4,813
5. Non-current assets and disposal groups disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Total	**14,174,936**	**-**	**9,752,661**	**4,912,435**	**16,974,896**	**-**	**17,076,678**	**9,544**
1. Deposits from banks	1,026,852	-	-	1,026,852	1,648,675	-	1,648,675	-
2. Deposits from customers	13,911,224	-	223,591	13,688,945	12,732,309	-	12,739,102	-
3. Debt securities in issue	421,965	-	439,399	-	2,322,511	-	2,422,470	-
4. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
Total	**15,360,041**	**-**	**662,990**	**14,715,797**	**16,703,495**	**-**	**16,810,247**	**-**

(Amounts in € thousand)

As of 2014, as a result of fine-tuning the processes for the allocation of *fair value* levels within the Group, Loans and Receivables with banks and with customers and Deposits from banks and from customers with maturity less than 12 months, for which the *fair value* has been considered as approximately equal to their book value, have been classified in level 3 of the *fair value* hierarchy. As at December 31, 2013, they were categorized into level 2.

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

A.5 DAY-ONE PROFIT/LOSS

Financial instruments are initially recognized at *fair value* on the recognition date.

The *fair value* of financial instruments, other than those measured at *fair value* through profit or loss, at their initial recognition date is usually assumed to be equal to the amount collected or paid (transaction price). The same applies to financial instruments held for trading and financial instruments measured at fair value classified in level 1 and, in many cases, level 2 of the fair value hierarchy, for which fair value - based on prices indirectly obtained from the market - and transaction price coincide; any difference from the amount collected or paid is recognized in the appropriate line items of the income statement on initial recognition of the instrument.

In the case of Level 3 financial instruments whose *fair value* is determined using valuation techniques, the transaction price, which generally represents the best estimate of *fair value* upon initial recognition, differs from the *fair value* determined at the same date, on the basis of valuation techniques. In this case, initial recognition must always be at price and the resulting profit/loss - "day-one profit/loss" - is only recognized in the income statement based on changes in the factors on which market participants base their valuations when setting prices.

There are no "day-one profits/losses" to disclose in accordance with paragraph 28 of IFRS 7.

PART B -BALANCE SHEET

ASSETS

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

	Total 06.30.2014	Total 12.31.2013
(a) Cash	14	5
(b) Demand deposits with Central Banks	-	-
Total	**14**	**5**

(Amounts in € thousand)

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: breakdown by category

Item/Amount	Total 06.30.2014			Total 12.31.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance sheet assets						
1. Debt securities	44	-	-	48	-	-
1.1 Structured securities	3	-	-	4	-	-
1.2 Other debt securities	41	-	-	44	-	-
2. Equity instruments	5,152	-	17	9	-	14
3. Units in investment funds.	-	-	-	1,936	-	-
4. Loans	-	-	-	-	-	-
4.1 Reverse repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**5,196**	**-**	**17**	**1,993**	**-**	**14**
B. Derivative instruments						
1. Financial derivatives	3,684	1,509	1	1,724	969	-
1.1 trading derivatives	3,684	1,509	1	1,724	969	-
1.2 related to the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading derivatives	-	-	-	-	-	-
2.2 related to the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	**3,684**	**1,509**	**1**	**1,724**	**969**	**-**
Total (A+B)	**8,880**	**1,509**	**18**	**3,717**	**969**	**14**

(Amounts in € thousand)

Trading financial derivatives refer to the positive valuation of Forex Contracts for Difference (CFDs), CFDs on indices and related Futures on indices used to hedge CFDs. They amounted to €1,442 thousand (€908 thousand as at December 31, 2013).

Sub-item B.1.1 Derivative instruments - Trading financial derivatives includes the positive valuations of spot contracts for securities classified in the HFT portfolio and currencies to be settled in times established by market practices (“regular way”). They amounted to €3,536 thousand (€1,786 thousand as at December 31, 2013).

Section 3 - Financial assets at fair value through profit or loss – Item 30

3.1. Financial assets at fair value through profit or loss: breakdown by category

Item/Amount	Total 06.30.2014			Total 12.31.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance sheet assets						
1. Debt securities	-	-	-	3,199	-	-
1.1 Structured securities	-	-	-	844	-	-
1.2 Other debt securities	-	-	-	2,355	-	-
2. Equity instruments	-	-	-	-	-	-
3. Units in investment funds.	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**3,199**	**-**	**-**
Cost	**-**	**-**	**-**	**3,211**	**-**	**-**

(Amounts in € thousand)

Securities classified as Financial assets designated at fair value through profit or loss as at December 31, 2013 were sold during the first half of 2014.

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

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

Item/Amount	Total 06.30.2014			Total 12.31.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	1,715,315	-	-	89,910	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	1,715,315	-	-	89,910	-	-
2. Equity instruments	-	-	5	-	-	5
2.1 Carried at fair value	-	-	-	-	-	-
2.2 Carried at cost	-	-	5	-	-	5
3. Units in investment funds.	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
Total	**1,715,315**	**-**	**5**	**89,910**	**-**	**5**

(Amounts in € thousand)

Equity instruments carried at cost refer to equity investments in companies in which the Bank does not exercise control or have a significant influence, for an amount equal to €5 thousand. These instruments are not listed, therefore the fair value may not be reliably determined.

The other debt securities are issued by the Italian Government, for a book value of €1,705,038 thousand (€79,871 thousand as at December 31, 2013) and by the French Government, for a book value of €10,277 thousand (€10,039 thousand as at December 31, 2013).

As regards the increase in debt securities compared to December 31, 2013, in the first half of 2014, as part of the guidelines for the new liquidity investment policy that entered into force on April 1, 2014, the portion of liquid assets classified as "Non Core" was invested in government bonds issued by the Italian Government for a nominal amount of €1,500,000 thousand while derivative contracts were entered into at the same time in order to convert the fixed rate into a floating rate in compliance with pre-defined limits on interest rate risk.

A portion of debt securities classified in the *Available-for-sale financial assets* portfolio are entirely used as collateral for bankers' drafts or guarantees with third parties for a book value of €91,601 thousand.

Section 6 - Loans and receivables with banks – Item 60

6.1 Loans and receivables with banks: breakdown by category

Type of transaction/Amount	*Total 06.30.2014*				*Total 12.31.2013*			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Loans and receivables with Central Banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Time deposits	-	X	X	X	-	X	X	X
2. Compulsory reserves	-	X	X	X	-	X	X	X
3. Reverse repos	-	X	X	X	-	X	X	X
4. Other	-	X	X	X	-	X	X	X
B. Loans and receivables with banks	**13,476,117**	**-**	**9,752,660**	**4,196,642**	**16,330,912**	**-**	**16,425,906**	**-**
1. Loans	**4,463,712**	**-**	**267,781**	**4,196,642**	**13,008,296**	**-**	**13,013,702**	**-**
1.1 Current accounts and demand deposits	1,378,975	X	X	X	9,433,356	X	X	X
1.2 Time deposits	3,016,939	X	X	X	3,563,334	X	X	X
1.3 Other loans		X	X	X		X	X	X
- Reverse repos	45,318	X	X	X	5,584	X	X	X
- Finance leases	-	X	X	X	-	X	X	X
- Other	22,480	X	X	X	6,022	X	X	X
2. Debt securities	**9,012,405**	**-**	**9,484,879**	**-**	**3,322,616**	**-**	**3,412,204**	**-**
2.1 Structured securities	12	X	X	X	12	X	X	X
2.2 Other debt securities	9,012,393	X	X	X	3,322,604	X	X	X
Total	**13,476,117**	**-**	**9,752,660**	**4,196,642**	**16,330,912**	**-**	**16,425,906**	**-**

(Amounts in € thousand)

Key
FV = fair value
BV = book value

Loans and receivables with banks for current accounts and demand deposits mainly consist of accounts held with UniCredit, with a book value of €1,357,172 thousand (€9,415,098 thousand as at December 31, 2013), and to a lesser extent, of current accounts held with other banks not belonging to UniCredit group for transactions in securities.
Time deposits consist of the deposit held with UniCredit for compulsory reserves, with a book value of €130,461 thousand (€124,028 thousand as at December 31, 2013), in addition to time deposits held with UniCredit with a book value of €2,886,478 thousand (€3,439,306 thousand as at December 31, 2013), opened to invest the liquidity collected through repos and CashPark transactions with retail customers and through repos with credit institutions, with the same maturities.

The debt securities held in the portfolio and included in the category "*Loans and receivables*" mainly consist of debt securities issued by UniCredit for an amount of €9,012,403 thousand.
As regards the increase in securities held in the portfolio compared to December 31, 2013, it should be noted that, as part of the listing process, the Board of Directors' meeting on March 27, 2014 approved the main guidelines for the liquidity investment policy, in force from April 1, 2014. More specifically, "Core" liquidity has been invested in UniCredit bonds with maturities ranging from 2 years and 10 months to 7 years and 6 months, for a total nominal amount of €7,650 million and USD 250 million. These types of investment were determined by taking into account the overall structure of the Bank's balance sheet and with a view to optimize the risk/return profile of the investments and diversify their maturities.

The bonds issued by UniCredit and reserved for FinecoBank are freely transferable to third parties throughout the term of the bond.

At the same time, debt securities included in the category "*Loans and receivables*", issued by UniCredit and held by Fineco at December 31, 2013, with a nominal value of €1,850,000 thousand and USD 70,000 thousand were sold to UniCredit, as, following the purchase of the bonds mentioned above, maintaining these securities in the portfolio was no longer considered appropriate.

At the reporting date there were no impaired assets with respect to banks.

Section 7 - Loans and receivables with customers – Item 70

7.1 Loans and receivables with customers: breakdown by category

Type of transaction/amount	*Total 06.30.2014*						*Total 12.31.2013*					
	Book value			*Fair value*						*Fair value*		
	Performing	*Impaired*		L1	L2	L3	*Performing*	*Impaired*		L1	L2	L3
		Purchased	*Other*					*Purchased*	*Other*			
Loans	**691,232**	**-**	**4,908**	**-**	**-**	**710,980**	**636,518**	**-**	**4,731**	**-**	**650,771**	**4,731**
1. Current accounts	108,715	-	3,005	X	X	X	98,455	-	2,740	X	X	X
2. Reverse repos	163,577	-	19	X	X	X	120,804	-	56	X	X	X
3. Mortgages	-	-	67	X	X	X	-	-	76	X	X	X
4. Credit cards personal loans and wage assignment loans	295,819	-	1,795	X	X	X	317,252	-	1,835	X	X	X
5. Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	123,121	-	22	X	X	X	100,007	-	24	X	X	X
Debt securities	**1**	**-**	**-**	**-**	**1**	**-**	**1**	**-**	**-**	**-**	**1**	**-**
8. Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt securities	1	-	-	X	X	X	1	-	-	X	X	X
Total	**691,233**	**-**	**4,908**	**-**	**1**	**710,980**	**636,519**	**-**	**4,731**	**-**	**650,772**	**4,731**

(Amounts in € thousand)

Section 8 – Hedging derivatives – Item 80

8.1 Hedging derivatives: breakdown by type of hedge and by hierarchical level

Item/Amount	*FV 06.30.2014*			*NA*	*FV 12.31.2013*			*NA*
	L1	*L2*	*L3*	*06.30.2014*	*L1*	*L2*	*L3*	*12.31.2013*
A. Financial derivatives	**-**	**9,926**	**-**	**804,465**	**-**	**123,143**	**-**	**2,322,511**
1) Fair value	-	9,926	-	804,465	-	123,143	-	2,322,511
2) Cash flows	-	-	-	-	-	-	-	-
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**9,926**	**-**	**804,465**	**-**	**123,143**	**-**	**2,322,511**

(Amounts in € thousand)

Key:

NA = Nominal or Notional amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

Section 9 – Changes in fair value of portfolio hedged items – Item 90

9.1 Adjustments to the value of hedged financial assets: breakdown by hedged portfolios

Adjustments to the value of hedged assets/Amount	*Total 06.30.2014*	*Total 12.31.2013*
1. Positive changes		
1.1 of specific portfolios	26,204	100,241
a) loans and receivables	26,204	100,241
b) available-for-sale financial assets	-	-
1.2 overall	-	-
2. Negative changes		
2.1 of specific portfolios	(493)	(44,119)
a) loans and receivables	(493)	(44,119)
b) available-for-sale financial assets	-	-
2.2 overall	-	-
Total	**25,711**	**56,122**

(Amounts in € thousand)

Section 11 - Property, plant and equipment - Item 110

11.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

Asset/Amount	*Total 06.30.2014*	*Total 12.31.2013*
1. Owned assets	**8,714**	**8,038**
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	900	834
d) electronic systems	6,587	5,846
e) other	1,227	1,358
2. Assets under financial lease	**-**	**-**
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	-	-
d) electronic systems	-	-
e) other	-	-
Total	**8,714**	**8,038**

(Amounts in € thousand)

11.2 Property, plant and equipment held for investment purposes: breakdown of assets carried at cost

Asset/Amount	*Total 06.30.2014*				*Total 12.31.2013*			
	Book value	*Fair value*			*Book value*	*Fair value*		
		L1	L2	L3		L1	L2	L3
1. Owned assets	**2,677**	**-**	**-**	**4,813**	**2,734**	**-**	**-**	**4,813**
a) land	-	-	-	-	-	-	-	-
b) buildings	2,677	-	-	4,813	2,734	-	-	4,813
2. Assets under financial lease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	**2,677**	**-**	**-**	**4,813**	**2,734**	**-**	**-**	**4,813**

(Amounts in € thousand)

Section 12 - Intangible assets - Item 120

12.1 Intangible assets: breakdown

Asset/Amount	*Total 06.30.2014*		*Total 12.31.2013*	
	Finite life	*Indefinite life*	*Finite life*	*Indefinite life*
A.1 Goodwill	X	89,602	X	89,602
A.2 Other Intangible assets	7,915		8,014	
A.2.1 Assets carried at cost:				
a) Intangible assets generated internally	-	-	-	-
b) Other assets	7,915	-	8,014	-
A.2.2 Assets valued at *fair value*:				
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**7,915**	**89,602**	**8,014**	**89,602**

(Amounts in € thousand)

Other information - Goodwill

Goodwill relates to buy-outs of divisions or companies engaged in trading activities or the distribution of financial, banking and insurance products through personal financial advisors. These activities have been fully integrated with FinecoBank's ordinary operations, as a result it is not possible to isolate the contribution of each company/business division from the Bank's overall income; this means that to establish the reasonableness of the value of goodwill recognized in the financial statements it is necessary to take account of the Bank's comprehensive income.

The cash generating unit (CGU) is the Bank as a whole. In fact, in view of the specific business model adopted by FinecoBank, which envisages a high level of integration between personal financial advisors and the trading and banking platform, an allocation of costs/revenues for business units is not considered relevant or meaningful; the personal financial advisors network is an integral part of the overall offer, which includes banking, brokerage and investing services.

As regards the annual impairment test, as at June 30, 2014 no indicators of an impairment of goodwill recognized in the financial statements have been identified. The main assumptions used in the impairment test carried out with reference to December 31, 2013 were analysed, in qualitative terms, considering in particular changes in forecasts used in that test following the approval by the Board of Directors on April 15, 2014 of the new Business Plan for the period 2014-2018, already submitted to the Board for approval in the meeting held on March 10, 2014 (and also approved by the Board of Directors of UniCredit S.p.A. on March 11, 2014). The Business Plan has been revised to take into account the effects of the new liquidity investment policy as from April 1, 2014, costs relative to the new incentive system for employees and financial advisors and costs relative to the listing process.

Based on the results of those qualitative analyses, the result of the impairment test as at December 31, 2013 was also confirmed with reference to June 30, 2014. For all other information on the impairment test, reference should be made to the Financial Statements as at December 31, 2013.

Section 13 - Tax Assets and Tax Liabilities - Asset item 130 and liability item 80

Current tax assets and current tax liabilities

Asset/Amount	*Total 06.30.2014*	*Total 12.31.2013*
Current tax assets	2,401	25,264
Current tax liabilities	30,156	16,842

(Amounts in € thousand)

The decrease in "Current Tax assets" was mainly due to the use of previously paid IRES income tax and IRAP corporate tax advances.

With regard to risks arising from tax disputes or audits, there are no changes to report compared to what was discussed in the 2013 financial statements, except for the closure, in April 2014, of the procedure for the tax assessment settlement concerning the notice of payment for 2008, which was received at the end of 2013. The settlement amount for that year was set at €244 thousand as tax and €122 thousand by way of penalties and accrued interest; provisions for these sums had already been allocated in the financial statements at December 31, 2013. The Bank made the payment on April 18, 2014 for a total amount of €367 thousand (including interest accrued up to the date of payment).

13.1 Deferred tax assets: breakdown

Asset/Amount	*Total 06.30.2014*	*Total 12.31.2013*
Allocations through equity	35,750	37,843
Allocations through equity	1,405	1,354
Impairment losses on receivables (of which pursuant to Law 214/2011)	3,335	3,473
Total	**40,490**	**42,670**

(Amounts in € thousand)

13.2 Deferred tax liabilities: breakdown

Asset/Amount	*Total 06.30.2014*	*Total 12.31.2013*
Property plant and equipment / Intangible assets	21,193	20,527
Other financial instruments /assets/ liabilities	1,626	332
Total	**22,819**	**20,859**

(Amounts in € thousand)

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

	Total 06.30.2014	Total 12.31.2013
Items in transit not allocated to relevant accounts	2	13
Items in processing:		
- notes, cheques and other documents	16,327	9,108
- POS and ATM cards	280	379
- other items in processing	14	1
Current receivables not related		
to the provision of financial services	2,055	1,707
Definitive items not recognised under other items:		
- securities and coupons to be settled	8,680	8,283
- fees to be charged to customers	22,247	33,020
- amounts to be settled via clearing houses	-	908
- other transactions	28,645	20,281
Tax items other than those recognised under item 140:		
- tax advances	113,829	151,540
- tax credit	9,392	9,356
- tax advances on employee severance indemnities	-	12
Receivables due to disputed items not deriving from lending	119	119
Prepayments	16,376	10,940
Improvement and incremental expenses incurred on leasehold assets	9,899	10,962
Total	**227,865**	**256,629**

(Amounts in € thousand)

LIABILITIES

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: breakdown by category

Type of transaction/Amount	*Total 06.30.2014*	*Total 12.31.2013*
1. Deposits from central banks	-	-
2. Deposits from banks	**1,026,852**	**1,648,675**
2.1 Current accounts and demand deposits	23,201	29,139
2.2 Time deposits	-	-
2.3 Loans	1,002,633	1,619,295
2.3.1 Repos	1,002,633	1,619,295
2.3.2 Other	-	-
2.4 Liabilities in respect of commitments		
to repurchase treasury shares	-	-
2.5 Other liabilities	1,018	241
Total	**1,026,852**	**1,648,675**
Fair value - level 1	***-***	***-***
Fair value - level 2	***-***	***1,648,675***
Fair value - level 3	***1,026,852***	***-***
Total fair value	**1,026,852**	**1,648,675**

(Amounts in € thousand)

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: breakdown by category

Type of transaction/Amount	*Total 06.30.2014*	*Total 12.31.2013*
1. Current accounts and demand deposits	11,856,287	10,666,363
2. Time deposits	1,674,202	1,699,635
3. Loans	312,207	304,380
3.1 Repos	312,207	304,380
3.2 Other	-	-
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	68,528	61,931
Total	**13,911,224**	**12,732,309**
Fair value - level 1	***-***	***-***
Fair value - level 2	***223,591***	***12,739,102***
Fair value - level 3	***13,688,945***	***-***
Total fair value	**13,912,536**	**12,739,102**

(Amounts in € thousand)

Section 3 - Debt securities in issue - Item 30

3.1. Debt securities in issue: breakdown by category

Type of transaction/Amount	*Total 06.30.2014*				*Total 12.31.2013*			
	Book value	*Fair value*			*Book value*	*Fair value*		
		Level 1	*Level 2*	*Level 3*		*Level 1*	*Level 2*	*Level 3*
A. Securities								
1. Bonds	421,965	-	439,399	-	2,322,511	-	2,422,470	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	421,965	-	439,399	-	2,322,511	-	2,422,470	-
2. Other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**421,965**	**-**	**439,399**	**-**	**2,322,511**	**-**	**2,422,470**	**-**

(Amounts in € thousand)

During the first half of 2014, the Bank reimbursed securities in issue for a nominal amount of €1,500,000 thousand (repurchased in previous years); it also partially repurchased bonds issued for a total nominal amount of €1,850,000 thousand and USD 70,000.

The mentioned bonds had been issued at par in 2011 and had been fully underwritten by UniCredit, while the Bank had underwritten bonds issued by UniCredit, following the need for both the Bank and UniCredit to hold bonds in the portfolio useful for their activity. As described above, by underwriting other bonds issued by UniCredit as part of the liquidity investment policy defined as of April 1, 2014 and following the gradual reduction in repo transactions with customers that had led the Bank and UniCredit to reciprocally underwrite and issue such bonds, both parties were able to sell part of the securities held in the portfolio and to repurchase the securities in issue.

3.2 Breakdown of item 30 "Debt securities in issue": subordinated securities

No data to report.

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: breakdown by category

Type of transaction/Amount	*Total 06.30.2014*					*Total 12.31.2013*				
	NA	*FV*			*FV**	*NA*	*FV*			*FV**
		L1	*L2*	*L3*			*L1*	*L2*	*L3*	
A. On-balance sheet liabilities										
1. Deposits from banks	-	-	-	-	-	-	-	-	-	-
2. Deposits from customers	3,815	521	-	-	521	633	-	-	-	-
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	X	-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**3,815**	**521**	**-**	**-**	**521**	**633**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives	X	3,239	1,107	-	X	X	1,709	592	-	X
1.1 Trading derivatives	X	3,239	1,107	-	X	X	1,709	592	-	X
1.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	X	-	-	-	X	X	-	-	-	X
2.1 Trading derivatives	X	-	-	-	X	X	-	-	-	X
2.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**3,239**	**1,107**	**-**	**X**	**X**	**1,709**	**592**	**-**	**X**
Total (A+B)	**X**	**3,760**	**1,107**	**-**	**X**	**X**	**1,709**	**592**	**-**	**X**

(Amounts in € thousand)

Key

FV = fair value

FV* = Fair value calculated excluding the changes in value due to the change in the issuer's credit rating since the issue date

NA = Nominal or Notional amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

Trading financial derivatives refer to the negative valuation of Forex Contracts for Difference (CFDs), CFDs on indices and related Futures on indices used to hedge CFDs. They amounted to €1,086 thousand (€572 thousand as at December 31, 2013).

Sub-item B.1.1 Derivative instruments - Trading financial derivatives includes the negative valuations of spot contracts for securities classified in the HFT portfolio and currencies to be settled in times established by market practices (“regular way”). They amounted to €3,259 thousand (€1,730 thousand as at December 31, 2013).

Section 6 - Hedging derivatives - Item 60

6.1 Hedging derivatives: breakdown by type of hedge and by hierarchical level

Item/Amount	*Fair value 06.30.2014*			*NA*	*Fair value 12.31.2013*			*NA*
	L1	*L2*	*L3*	*06.30.2014*	*L1*	*L2*	*L3*	*12.31.2013*
A. Financial derivatives	**-**	**38,579**	**-**	**2,795,936**	**-**	**141,801**	**-**	**3,382,879**
1) Fair value	-	38,579	-	2,795,936	-	141,801	-	3,382,879
2) Cash flows	-	-	-	-	-	-	-	-
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**38,579**	**-**	**2,795,936**	**-**	**141,801**	**-**	**3,382,879**

(Amounts in € thousand)

Key:

NA = Nominal or Notional amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

Section 7 – Changes in fair value of portfolio hedged items - Item 70

7.1 - Adjustments to the value of hedged financial liabilities

Changes to hedged financial liabilities/Amounts	*Total 06.30.2014*	*Total 12.31.2013*
1. Positive changes to financial liabilities	10,875	81,077
2. Negative changes to financial liabilities	(494)	(44,304)
Total	**10,381**	**36,773**

(Amounts in € thousand)

Section 10 – Other liabilities – Item 100

10.1 Other liabilities: breakdown

	Total 06.30.2014	*Total 12.31.2013*
Accrued expenses other than those to be capitalised for the financial liabilities concerned	176	183
Other liabilities relative to employees	12,631	15,229
Other liabilities relative to other personnel	40	-
Other liabilities due to Directors and Statutory Auditors	265	244
Sums available to be paid to customers	121	181
Items in processing:		
- incoming bank transfers	4,145	2,819
- outgoing bank transfers	60,222	44,326
- POS and ATM cards	462	-
- other items in processing	4,507	253
Current payables not related to the provision of financial services	35,625	27,400
Definitive items not recognised under other items:		
- securities and coupons to be settled	24,682	12,417
- other items	38,065	21,979
Adjustments for illiquid portfolio items	14,827	13,847
Tax items other than those included in item 80:		
- sums withheld from third parties as withholding agent	22,349	26,157
- other	37,425	57,697
Prepayments	257	276
Social security contributions to be paid	4,299	4,853
Total	**260,098**	**227,861**

(Amounts in € thousand)

Section 11 – Allocation to employee severance pay provision – Item 110

The balance of item “Allocation to employee severance pay provision” at June 30, 2014 amounted to €4,149 thousand (€3,761 thousand at December 31, 2013).

The following table shows the main actuarial assumptions used to measure the liability.

Description of the main actuarial assumptions	*06.30.2014*	*12.31.2013*
Discount rate	2.60%	3.30%
Expected inflation rate	1.60%	1.80%

Section 12 - Provisions for risks and charges - Item 120

12.1 - Provisions for risks and charges: breakdown

Item/Amount	*Total 06.30.2014*	*Total 12.31.2013*
1. Pensions and other post-retirement benefit obligations	-	-
2. Other provisions for risks and charges	110,507	109,354
2.1 legal disputes	51,319	55,577
2.2 staff expenses	2,329	-
2.3 other	56,859	53,777
Total	**110,507**	**109,354**

(Amounts in € thousand)

Sub-item 2.2 “staff expenses” includes provisions made in relation to the variable remuneration to be paid to employees in subsequent years which have an uncertain due date and/or amount. The related income component is recognized as "Payroll costs".

Other provisions for risks and charges under sub-item 2.3 include the agents’ supplementary indemnity provision amounting to €35,864 thousand compared with €32,178 thousand as at December 31, 2013.

	Total 06.30.2014	*Total 12.31.2013*
Legal disputes	**51,319**	**55,578**
- Legal actions underway	38,043	40,573
- Claims	13,276	15,005
Staff expenses	**2,329**	**-**
Other	**56,859**	**53,776**
- Supplementary customer indemnity provision	35,864	32,178
- Contractual payments and payments under non-competition agreements	1,986	1,916
- Tax disputes	7,299	7,439
- Other provisions	11,710	12,243
Total provisions for risks and charges - other provisions	**110,507**	**109,354**

(Amounts in € thousand)

Provisions for risks and charges	*12.31.2013*	*Uses H1 2014*	*Transfers*	*Other changes**	*Provisions H1 2014*	*06.30.2014*
Legal disputes						
- Legal actions underway	40,573	(2,608)	417	-	(339)	38,043
- Claims	15,005	(2,712)	(417)	-	1,400	13,276
Staff expenses	-	-	565	-	1,764	2,329
Other						
- Supplementary customer indemnity provision	32,178	(705)	-	2,535	1,856	35,864
- Contractual payments and payments under non-competition agreements	1,916	-	-	32	38	1,986
- Tax disputes	7,439	(140)	-	-	-	7,299
- Other provisions	12,243	(1,205)	-	-	672	11,710
Total provisions for risks and charges	**109,354**	**(7,370)**	**565**	**2,567**	**5,391**	**110,507**

(Amounts in € thousand)

* The item "Other changes" refers to the Actuarial gains (losses) recognised in the item "Revaluation reserve" in implementation of IAS 19R.

The following table shows the main actuarial assumptions used to measure the liability for the Agents’ supplementary indemnity provision.

Description of the main actuarial assumptions	*06.30.2014*	*12.31.2013*
Discount rate	2.60%	3.30%
Wage increase rate	3.00%	3.00%

Section 14 - Bank's shareholders' equity - Items 130, 150, 160, 170, 180, 190 and 200

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

Share capital amounts to €200,070,430.89, fully paid-up, comprising 606,274,033 ordinary shares with a par value of €0.33.

The Bank does not hold, and did not hold during the period ended June 30, 2014, any treasury shares in the portfolio.

Item/Amount	*Total 06.30.2014*	*Total 12.31.2013*
1. Share capital	200,070	200,070
2. Share premium reserve	1,934	1,934
3. Reserves		
- Legal reserve	33,061	28,800
- Extraordinary reserve	157,692	98,744
- Other reserves	171	171
4. (Treasury shares)	-	-
5. Revaluation reserves	4,912	4,214
6. Equity instruments	-	-
7. Net Profit (Loss) for the year	73,862	85,216
Total	**471,702**	**419,149**

(Amounts in € thousand)

Following the Shareholders' Meeting resolution of April 15, 2014, the 2013 profit for the year of €85,216 thousand was allocated as follows:

- €4,261 thousand to the legal reserve;
- €58,948 thousand to the extraordinary reserve;
- €20,007 thousand, equal to €0.033 per share, to the shareholder;
- €2,000 thousand as charitable donations.

14.2 Share capital - Number of shares: annual changes

Items/type	*Total 06.30.2014*	
	Ordinary	*Other*
A. Shares outstanding at the beginning of the year		
- fully paid	606,274,033	-
- not fully paid	-	-
A.1 Treasury shares (-)	-	-
A.2 Shares outstanding: opening balance	**606,274,033**	**-**
B. Increases		
B.1 New issues		
- against payment:		
- business combinations	-	-
- bonds converted	-	-
- warrants exercised	-	-
- other	-	-
- free		
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases		
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Business transfers	-	-
C.4 Other changes	-	-
D. Shares outstanding: closing balance	**606,274,033**	**-**
D.1 Treasury shares (+)		-
D.2 Shares outstanding as at the end of the year	-	-
- fully paid	606,274,033	-
- not fully paid	-	-

14.3 Share capital: other information

The shares are not subject to any right, privilege or constraint; there are no shares reserved for issue under option and sales contracts.

14.4 Reserves of profit: other information

Reserves consist of the legal reserve, amounting to €33,061 thousand, the extraordinary reserve, amounting to €157,692 thousand and retained earnings, for an amount of €171 thousand.

Section 15 - Other information

1 Guarantees given and commitments

Transactions	*Total 06.30.2014*	*Total 12.31.2013*
1) Financial guarantees given	306,833	306,815
a) Banks	306,033	306,033
b) Customers	800	782
2) Commercial guarantees given	4	4
a) Banks	4	4
b) Customers	-	-
3) Irrevocable commitments to lend funds	278,954	178,000
a) Banks	815	28,028
i) certain to be called on	815	28,028
ii) not certain to be called on	-	-
b) Customers	278,139	149,972
i) certain to be called on	278,139	149,972
ii) not certain to be called on	-	-
4) Commitments underlying credit derivatives: protection sales	-	-
5) Assets given as collateral for third-party obligations	-	-
6) Other commitments	-	-
Total	**585,791**	**484,819**

(Amounts in € thousand)

Financial guarantees given to banks include 5 guarantees issued on request of UniCredit, with indefinite duration, for a total amount of €256,065 thousand, the guarantee requested for UniCredit for transactions on foreign markets, for €10,000 thousand, and the commitment with the National Interbank Deposit Guarantee Fund (FITD), for €39,968 thousand.

Irrevocable commitments to lend funds mainly refer to spot contracts for the purchase and sale of securities to be settled in times established by market practices ("regular way").

2. Assets given as collateral for own liabilities and commitments

Portfolios	*Total 06.30.2014*	*Total 12.31.2013*
1. Financial assets held for trading	-	-
2. Financial assets designated at fair value through profit or loss	-	-
3. Available-for-sale financial assets	-	-
4. Held-to-maturity investments	-	-
5. Loans and receivables with banks	225,586	188,989
6. Loans and receivables with customers	-	-
7. Property, plant and equipment	-	-
Total	**225,586**	**188,989**

(Amounts in € thousand)

Assets given as collateral for own liabilities and commitments shown in item "*Loans and receivables with banks*" refer to bonds issued by UniCredit, classified in the "*Loans and Receivables*" category, subscribed by the Bank in order to conduct repos with the obligation for the buyer to resell the assets covered by the transaction upon expiration of said transaction; bonds are given as collateral for the entire duration of the repos.

FinecoBank also used debt securities issued by governments as collateral for bankers' drafts or as guarantee with third parties in relation to transactions on foreign markets: more specifically, the Bank used bonds issued by the Italian and French governments, classified as *Available-for-sale assets*, for a book value of €91,601 thousand (€89,910 thousand as at December 31, 2013). Securities are used as collateral until the Bank decides to stop the transactions for which the collateral or guarantees are granted.

3. Information on operating leases

With regard to outstanding non-cancellable leases, the future payments amount to:

- €3,822 thousand up to twelve months;
- €1,289 thousand from one to five years.

There are no sub-leases in place.

4. Securities lending transactions

FinecoBank conducts securities lending transactions on a continuous and systematic basis, with the objective of optimizing the returns of customer portfolios, satisfying the requests of institutional counterparties and obtaining a profit for the Bank. FinecoBank operates as the borrower, borrowing the securities of its customers and using them in repos and securities lending transactions guaranteed by cash amounts with retail and institutional customers interested in the temporary ownership of the securities. In the case of securities lending transactions guaranteed by other securities, which are not recognized as liabilities or commitments in the accounts, FinecoBank has used bond issues of UniCredit, classified as "*Loans and Receivables"*, as guarantees; for this purpose, the Bank has deposited debt securities issued by UniCredit in a dedicated portfolio held at the Custodian bank, representing an amount higher than that of the securities borrowed from customers, in order to provide a collective guarantee.

The nominal value of the underlying securities not recognized as assets in the accounts totalled €971,520 thousand, broken down as follows:

	Type of securities (nominal value at 06.30.2014)		
Securities received on loan from:	*Sold*	*Sold in repos*	*Other purposes*
Banks	-	-	-
Financial companies	-	3,692	-
Insurance	-	-	-
Non-financial companies	-	8,880	-
Other entities	3,815	948,751	6,382
Total nominal value	**3,815**	**961,323**	**6,382**

(Amounts in € thousand)

	Type of securities (fair value at 06.30.2014)		
Securities received on loan from:	*Sold*	*Sold in repos*	*Other purposes*
Banks	-	-	-
Financial companies	-	4,002	-
Insurance	-	-	-
Non-financial companies	-	9,597	-
Other entities	521	1,085,180	7,918
Total nominal value	**521**	**1,098,779**	**7,918**

(Amounts in € thousand)

PART C - INCOME STATEMENT

SECTION 1 - INTEREST INCOME AND EXPENSE - Items 10 and 20

1.1 Interest income and similar revenues: breakdown

Items/Type	*Debt securities*	*Loans*	*Other transactions*	*Total 06.30.2014*	*Total 06.30.2013*
1. Financial assets held for trading	1	-	-	1	5
2. Available-for-sale financial assets	4,918	-	-	4,918	903
3. Held-to-maturity investments	-	-	-	-	-
4. Loans and receivables with banks	48,334	77,847	-	126,181	151,074
5. Loans and receivables with customers	-	14,533	-	14,533	12,954
6. Financial assets designated at fair value through profit and loss	5	-	-	5	69
7. Hedging derivatives	-	-	4,084	4,084	3,918
8. Other assets	-	-	-	-	1
Total interest income	**53,258**	**92,380**	**4,084**	**149,722**	**168,924**

(Amounts in € thousand)

Interest accrued on impaired assets, relating exclusively to the item Loans and receivables with customers, amounted to €173 thousand (€202 thousand as at June 30, 2013).

1.4 Interest expenses and similar charges: breakdown

Items/Type	*Payables*	*Securities*	*Other transactions*	*Total 06.30.2014*	*Total 06.30.2013*
1. Deposits from central banks	-	-	-	-	-
2. Deposits from banks	(3,499)	-	-	(3,499)	(6,188)
3. Deposits from customers	(30,282)	-	-	(30,282)	(46,894)
4. Debt securities in issue	-	-	-	-	(19,936)
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities at fair value through profit and loss	-	-	-	-	-
7. Other liabilities and provisions	-	-	(1)	(1)	(1)
8. Hedging derivatives	-	-	-	-	-
Total	**(33,781)**	**-**	**(1)**	**(33,782)**	**(73,019)**

(Amounts in € thousand)

SECTION 2 - FEE AND COMMISSION INCOME AND EXPENSE - Items 40 and 50

2.1 Fee and commission income: breakdown

Type of service/Amount	*Total 06.30.2014*	*Total 06.30.2013*
(a) guarantees given	30	29
(b) credit derivatives	-	-
(c) management, brokerage and consulting services:	181,290	162,571
1. securities trading	40,852	37,476
2. currency trading	-	-
3. portfolio management	-	-
3.1. individual	-	-
3.2. collective	-	-
4. custody and administration of securities	150	106
5. custodian bank	-	-
6. placement of securities	113,007	103,512
of which commissions for maintenance of UCI placement	*99,205*	*86,036*
7. reception and transmission of orders	6,788	4,670
8. advisory services	7,507	5,004
8.1. related to investments	7,507	5,004
8.2. related to financial structure	-	-
9. distribution of third-party services:	12,986	11,803
9.1. portfolio management	840	1,658
9.1.1 individual	75	1,093
9.1.2 collective	765	565
9.2. insurance products	12,143	10,135
9.3. other products	3	10
(d) collection and payment services	13,483	12,075
(e) securitisation servicing	-	-
(f) factoring	-	-
(g) tax collection services	-	-
(h) management of multilateral trading systems	-	-
(i) management of current accounts	2,693	3,161
(j) other services	2,288	2,116
Total	**199,784**	**179,952**

(Amounts in € thousand)

2.3 Fee and commission expense: breakdown

Service/Amount	*Total 06.30.2014*	*Total 06.30.2013*
(a) guarantees received	(15)	(15)
(b) credit derivatives	-	-
(c) management and brokerage services:	(93,345)	(88,485)
1. securities trading	(3,839)	(3,303)
2. currency trading	(102)	(192)
3. portfolio management	-	-
3.1 own	-	-
3.2 delegated to third parties	-	-
4. custody and administration of securities	(2,024)	(1,978)
5. placement of financial instruments	-	-
6. cold-calling to offer securities, products and services	(87,380)	(83,012)
(d) collection and payment services	(8,100)	(7,555)
(e) other services	(149)	(159)
(f) securities lending transactions	(1,146)	(1,933)
Total	**(102,755)**	**(98,147)**

(Amounts in € thousand)

SECTION 4 – Gains (losses) on financial assets and liabilities held for trading – Item 80

4.1 Gains (losses) on financial assets and liabilities held for trading: breakdown

As at June 30, 2014

Transaction/Income item	*Unrealised gains (A)*	*Realised profits (B)*	*Unrealised losses (C)*	*Realised losses (D)*	*Net profit or loss [(A+B)-(C+D)]*
1. Financial assets held for trading	**4**	**30,514**	**(227)**	**(28,318)**	**1,973**
1.1 Debt securities	1	21	-	(7)	15
1.2 Equity instruments	3	30,491	(227)	(28,296)	1,971
1.3 Units in investment funds	-	2	-	(15)	(13)
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**18**	**-**	**-**	**-**	**18**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	18	-	-	-	18
3. Other financial assets and liabilities: exchange differences	X	X	X	X	**1,877**
4. Derivatives	**3,857**	**9,719**	**(3,419)**	**(5,659)**	**8,999**
4.1 Financial derivatives:	3,857	9,719	(3,419)	(5,659)	8,999
- On debt securities and interest rates	18	142	(12)	(66)	82
- On equity securities and share indices	3,839	9,394	(3,407)	(5,526)	4,300
- On currency and gold	X	X	X	X	4,501
- Other	-	183	-	(67)	116
4.2 Credit derivatives	-	-	-	-	-
Total	**3,879**	**40,233**	**(3,646)**	**(33,977)**	**12,867**

(Amounts in € thousand)

As at June 30, 2013

Transaction/Income item	*Unrealised gains (A)*	*Realised profits (B)*	*Unrealised losses (C)*	*Realised losses (D)*	*Net profit or loss [(A+B)-(C+D)]*
1. Financial assets held for trading	**10**	**51,484**	**(25)**	**(39,843)**	**11,626**
1.1 Debt securities	8	105	(7)	(9)	97
1.2 Equity instruments	2	44,495	(18)	(39,834)	4,645
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	6,884	-	-	6,884
2. Financial liabilities held for trading	**53**	**-**	**(4)**	**(1)**	**48**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	53	-	(4)	(1)	48
3. Other financial assets and liabilities: exchange differences	X	X	X	X	**1,308**
4. Derivatives	**3,592**	**3,807**	**(3,395)**	**(2,108)**	**2,542**
4.1 Financial derivatives:	3,592	3,807	(3,395)	(2,108)	2,542
- On debt securities and interest rates	16	-	(29)	-	(13)
- On equity securities and share indices	3,576	3,791	(3,366)	(2,100)	1,901
- On currency and gold	X	X	X	X	646
- Other	-	16	-	(8)	8
4.2 Credit derivatives	-	-	-	-	-
Total	**3,655**	**55,291**	**(3,424)**	**(41,952)**	**15,524**

(Amounts in € thousand)

SECTION 5 – Fair value adjustments in hedge accounting – Item 90

5.1 Fair value adjustments in hedge accounting: breakdown

Income item/Amount	*Total 06.30.2014*	*Total 06.30.2013*
A. Gains on:		
A.1 Fair value hedging instruments	179,635	77,916
A.2 Hedged asset items (in fair value hedge relationship)	24,728	84,872
A.3 Hedged liability items (in fair value hedge relationship)	40,795	-
A.4 Cash-flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**245,158**	**162,788**
B. Losses on:		
B.1 Fair value hedging instruments	(186,794)	(84,872)
B.2 Hedged asset items (in fair value hedge relationship)	(45,791)	(570)
B.3 Hedged liability items (in fair value hedge relationship)	(12,573)	(77,346)
B.4 Cash-flow hedging derivatives	-	-
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(245,158)**	**(162,788)**
C. Fair value adjustments in hedge accounting (A-B)	**-**	**-**

(Amounts in € thousand)

SECTION 6 – Gains (Losses) on disposals/repurchases – Item 100

6.1 Gains (Losses) on disposals/repurchases: breakdown

Item/Income item	*Total 06.30.2014*			*Total 06.30.2013*		
	Profit	*Loss*	*Net profit (loss)*	*Profit*	*Loss*	*Net profit (loss)*
Financial assets						
1. Loans and receivables with banks	78,805	(29,646)	49,159	-	-	-
2. Loans and receivables with customers	-	-	-	-	-	-
3. Available-for-sale financial assets						
3.1 Debt securities	-	-	-	-	-	-
3.2 Equity instruments	-	-	-	-	-	-
3.3 Units in investment funds	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	-	-	-	-	-	-
Total assets	**78,805**	**(29,646)**	**49,159**	**-**	**-**	**-**
Financial liabilities						
1. Deposits from banks	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-
3. Debt securities in issue	29,408	(78,571)	(49,163)	-	-	-
Total liabilities	**29,408**	**(78,571)**	**(49,163)**	**-**	**-**	**-**

(Amounts in € thousand)

Net gains and losses on disposals and repurchases, amounting to €-4 thousand, refer to securities issued by the Bank and classified in the "*Loans and Receivables*" portfolio, which were sold to UniCredit, and securities issued by the Bank and underwritten by UniCredit, which were repurchased by the Bank; these transactions are described in Section 6 - Loans and receivables with banks - Item 60 and in Section 3 - Debt securities in issue - Item 30.

SECTION 7 – Gains (losses) on financial assets and liabilities measured at fair value – Item 110

7.1 Gain (losses) on financial assets and liabilities measured at fair value through profit and loss: breakdown

As at June 30, 2014

Transaction/Income item	*Unrealised gains (A)*	*Realised profits (B)*	*Unrealised losses (C)*	*Realised losses (D)*	*Net profit or loss [(A+B)-(C+D)]*
1. Financial assets	**-**	**19**	**-**	**(1)**	**18**
1.1 Debt securities	-	19	-	(1)	18
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	X	X	X	X	**-**
4. Credit and financial derivatives	-	-	-	-	-
Total	**-**	**19**	**-**	**(1)**	**18**

(Amounts in € thousand)

As at June 30, 2013

Transaction/Income item	*Unrealised gains (A)*	*Realised profits (B)*	*Unrealised losses (C)*	*Realised losses (D)*	*Net profit or loss [(A+B)-(C+D)]*
1. Financial assets	**83**	**379**	**-**	**(178)**	**284**
1.1 Debt securities	83	379	-	(178)	284
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	X	X	X	X	**-**
4. Credit and financial derivatives	-	-	-	-	**-**
Total	**83**	**379**	**-**	**(178)**	**284**

(Amounts in € thousand)

SECTION 8 – Impairment losses - Item 130

8.1 Impairment losses on loans and receivables: breakdown

Transaction/Income item	*Impairments (1)*			*Write-backs (2)*				*Total 06.30.2014*	*Total 06.30.2013*
	Micro			*Micro*		*Macro*			
	Write-offs	*Other*	*Macro*	*A*	*B*	*A*	*B*		
A. Loans and receivables with banks	-	-	-	-	-	-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers	(24)	(2,488)	(371)	132	868	-	552	(1,331)	(1,355)
Impaired related to purchase agreements	-	-		-	-	-		-	-
- Loans	-	-	X	-	-	-	X	-	-
- Debt securities	-	-	X	-	-	-	X	-	-
Other loans	(24)	(2,488)	(371)	132	868	-	552	(1,331)	(1,355)
- Loans	(24)	(2,488)	(371)	132	868	-	552	(1,331)	(1,355)
- Debt securities	-	-	-	-	-	-	-	-	-
C. Total	**(24)**	**(2,488)**	**(371)**	**132**	**868**	**-**	**552**	**(1,331)**	**(1,355)**

(Amounts in € thousand)

Key

A = From interest B = Other write-backs

In the period there were no impairment losses on *Available-for-sale financial assets*.

8.4 Impairment losses on other financial transactions: breakdown

Transaction/Income item	*Impairments (1)*			*Write-backs (2)*				*Total 06.30.2014*	*Total 06.30.2013*
	Micro		*Macro*	*Micro*		*Macro*			
	Write-offs	*Other*		*A*	*B*	*A*	*B*		
A. Guarantees given	-	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	*40*	-	-	40	-
E. Total	**-**	**-**	**-**	**-**	**40**	**-**	**-**	**40**	**-**

(Amounts in € thousand)

Key

A = From interest B = Other write-backs

SECTION 9 – Administrative costs – Item 150

9.1 Payroll costs: breakdown

Type of expense/Amount	*Total 06.30.2014*	*Total 06.30.2013*
1) Employees	**(30,886)**	**(29,889)**
a) wages and salaries	(21,481)	(20,443)
b) social security contributions	(5,790)	(5,659)
c) employee severance fund	(390)	(387)
d) pension costs	-	-
e) allocation to employee severance pay provision	(67)	(71)
f) provision for retirements and similar provisions		
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds		
- defined contribution	(1,237)	(1,175)
- defined benefit	-	-
h) costs related to share-based payments	(386)	(571)
i) other employee benefits	(1,535)	(1,583)
2) Other staff	**(51)**	**(55)**
3) Directors and statutory auditors	**(456)**	**(423)**
4) Early retirement costs	**-**	**-**
5) Recovery of expenses for employees seconded to other companies	**54**	**40**
6) Recovery of expenses for employees seconded to the company	**(496)**	**(663)**
Total	**(31,835)**	**(30,990)**

(Amounts in € thousand)

Sub-item h) “costs related to share-based payments”, includes costs recognized in the income statement in relation to share-based payments of the Parent Company UniCredit.

9.3 Pensions and other post-retirement defined-benefit obligations costs and revenues

No data to report.

9.5 Other administrative expenses: breakdown

	Total 06.30.2014	*Total 06.30.2013*
1) INDIRECT TAXES AND DUTIES	**(38,502)**	**(28,955)**
2) MISCELLANEOUS COSTS AND EXPENSES		
A) Advertising expenses - Marketing and communication	**(11,977)**	**(15,075)**
Mass media campaigns	(9,283)	(11,921)
Marketing and promotions	(2,617)	(3,089)
Sponsorships	(58)	(44)
Conventions and internal communications	(19)	(21)
B) Expenses related to credit risk	**(598)**	**(544)**
Credit recovery expenses	(369)	(338)
Commercial information and company searches	(229)	(206)
C) Expenses related to personnel	**(9,155)**	**(6,061)**
Personnel training	(259)	(203)
Car rental and other payroll costs	(22)	(26)
Personal financial advisor expenses	(8,532)	(5,556)
Travel expenses	(311)	(229)
Premises rentals for personnel	(31)	(47)
D) ICT expenses	**(13,741)**	**(14,466)**
Lease of ICT equipment and software	(2,157)	(2,544)
Software expenses: lease and maintenance	(3,001)	(2,905)
ICT communication systems	(1,592)	(1,754)
ICT services: external personnel/outsourced services	(3,327)	(3,521)
Financial information providers	(3,664)	(3,742)
E) Consulting and professional services	**(5,086)**	**(1,501)**
Consultancy for ordinary operations	(408)	(281)
Consultancy for strategy, business development and organisational optimisation	(2,125)	-
Legal expenses	(1,315)	(3)
Legal disputes	(1,238)	(1,217)
F) Real estate expenses	**(10,535)**	**(10,564)**
Real estate services	(343)	(343)
Repair and maintenance of furniture, machinery, and equipment	(125)	(121)
Maintenance of premises	(528)	(510)
Premises rentals	(8,455)	(8,035)
Cleaning of premises	(265)	(239)
Utilities	(819)	(1,316)
G) Other functioning costs	**(17,397)**	**(15,441)**
Surveillance and security services	(185)	(200)
Postage and transport of documents	(1,250)	(1,388)
Administrative and logistic services	(7,409)	(6,727)
Insurance	(1,816)	(1,929)
Printing and stationery	(292)	(278)
Association dues and fees	(5,642)	(4,552)
Other administrative expenses	(803)	(367)
Total	**(106,991)**	**(92,607)**

(Amounts in € thousand)

Charges related to the listing project, amounting to €5.2 million, were mainly included in items “Legal expenses”, “Consultancy for strategy, business development and organizational optimization”, “Association duties and fees” and “Advertising expenses – Marketing and communication”.

SECTION 10 – Net provision for risks and charges – Item 160

10.1 Net provision for risks and charges: breakdown

	Total 06.30.2014			Total 06.30.2013		
	Provisions	Reallocations	Total	Provisions	Reallocations	Total
Legal disputes	(7,770)	6,710	(1,060)	(8,389)	7,611	(778)
Supplementary customer indemnity provision	(1,856)	-	(1,856)	(1,515)	-	(1,515)
Other provisions for risks and charges	(38)	3	(35)	(1,046)	2,980	1,934
Total	**(9,664)**	**6,713**	**(2,951)**	**(10,950)**	**10,591**	**(359)**

(Amounts in € thousand)

SECTION 11 – Impairments/write-backs on property, plant and equipment – Item 170

11.1 Impairment/write-backs on property, plant and equipment: breakdown

Asset/Income item	*Depreciation (a)*	*Write-downs for impairment (b)*	*Write-backs (c)*	*Net gain (loss) 06.30.2014 (a+b-c)*	*Net gain (loss) 06.30.2013*
A. Property, plant and equipment					
A.1 Owned	(1,594)	(13)	-	(1,607)	(1,175)
- Used in the business	(1,538)	(13)	-	(1,551)	(1,119)
- Held for investment	(56)	-	-	(56)	(56)
A.2 Finance lease	-	-	-	-	
- Used in the business	-	-	-	-	-
- Held for investment	-	-	-	-	-
Total	**(1,594)**	**(13)**	**-**	**(1,607)**	**(1,175)**

(Amounts in € thousand)

SECTION 12 – Impairments/write-backs on intangible assets – Item 180

12.1 Impairments on intangible assets: breakdown

Asset/Income item	*Depreciation (a)*	*Write-downs for impairment (b)*	*Write-backs (c)*	*Net gain (loss) 06.30.2014 (a+b-c)*	*Net gain (loss) 06.30.2013*
A. Intangible assets					
A.1 Owned	(2,335)	-	-	(2,335)	(2,316)
- Generated internally by the Company	-	-	-	-	-
- Other	(2,335)	-	-	(2,335)	(2,316)
A.2 Finance lease					
Total	**(2,335)**	**-**	**-**	**(2,335)**	**(2,316)**

(Amounts in € thousand)

SECTION 13 – Other net operating income – Item 190

13.1 Other operating expenses: breakdown

Type/Amount	*Total 06.30.2014*	*Total 06.30.2013*
Refunds and allowances	(127)	(176)
Penalties, fines and unfavourable rulings	(628)	(956)
Improvements and incremental expenses incurred on leasehold properties	(1,566)	(1,355)
Improvements and incremental expenses incurred on group properties	(6)	(7)
Exceptional write-downs of assets	(409)	(465)
Other operating expense	(446)	(96)
Total	**(3,182)**	**(3,055)**

(Amounts in € thousand)

Exceptional write-downs of assets include costs incurred for credit card fraud of €396 thousand (€433 thousand as at June 30, 2013).

13.2 Other operating income: breakdown

Type/Amount	*Total 06.30.2014*	*Total 06.30.2013*
Recovery of costs:	37,542	28,054
- ancillary expenses - other	198	95
- taxes	37,344	27,959
Rental income from real estate investments	115	114
Other income from current year	1,500	2,586
Total	**39,157**	**30,754**

(Amounts in € thousand)

SECTION 18 – Tax expense (income) related to profit or loss from continuing operations – Item 260

18.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

Income item/Amount	*Total 06.30.2014*	*Total 06.30.2013*
1. Current tax (-)	(36,839)	(30,745)
2. Adjustment to current tax of prior years (+/-)	(1,900)	(2,800)
3. Reduction of current tax for the year (+)	-	-
3.bis Reduction of current tax for the year due to tax receivables pursuant to Law 214/2011 (+)	-	-
4. Changes in deferred tax assets (+/-)	(1,550)	(1,913)
5. Changes in deferred tax liabilities (+/-)	(667)	(689)
6. Tax expense for the period (-) (-1+/-2+3+/-4+/-5)	(40,956)	(36,147)

(Amounts in € thousand)

SECTION 20 – Other information

1.1 Designation of Parent Company

UniCredit S.p.A.

Rome Register of Companies

Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group with code 2008.1

1.2 Registered Office of Parent Company

Registered Office: Rome, Via A. Specchi, 16 -

Head Office: Milan, Piazza Cordusio

SECTION 21 - Earnings per share

21.1 Average number of diluted shares

Basic earnings per share are calculated by dividing the net profit of the six month period by the average number of ordinary shares outstanding (the number of ordinary shares outstanding is the same during all the periods presented). As at June 30, 2014 there were no transactions in place resulting in a dilutive effect on earnings per share.

	06.30.2014	*06.30.2013*
Net profit for the period (€ thousands)	73,862	56,262
Average number of outstanding shares	606,274,033	606,274,033
Earnings per share (basic and diluted)	0.12	0.09

On April 15, 2014 - in line with best practices and the recommendations of the Corporate Governance Code for listed companies and in accordance with the remuneration policies in place - the Board of Directors of FinecoBank approved the adoption of a remuneration scheme aimed at incentivizing, retaining and motivating senior managers, "key people" (intended as other Managers and Employees of the Bank who, due to the relevance and critical nature of their role as well as their skills and potential can affect the company’s economic performance and sustainability) and the Financial Advisors, as described in Part I – Share-based payments.

Shares for the plans referred to in points 1), 2) and 3) of Part I – “Share-based payments” will be issued through free capital increases in accordance with Article 2349 of the Italian Civil Code. For the resolutions pertaining to the maximum number of shares that may be assigned under these plans and the related dilutive effect for shareholders resulting from the free capital increases, please refer to Part A.1 - Section 3 - Subsequent Events of these Notes.

PART E - INFORMATION ON RISKS AND HEDGING POLICIES

Introduction

In order to ensure lean and efficient management of risks, the risk management process is structured in accordance with the organizational choices made by the Group and the provisions of the Supervisory Instructions for Banks pertaining to the internal control system.

Risk management and control is performed by the Risk Management function of FinecoBank in collaboration with the same function of the Parent Company, which performs its role of guidance, coordination and control of risks at Group level. The organizational model considers a specific point of reference for Italy through the Chief Risk Officer function (CRO) of the Parent Company, to which has been assigned the responsibilities related to credit risks, operational risks and reputational risks of the Italian perimeter, as well as the managerial coordination of Risk Management functions in the Italian Legal Entities - among which FinecoBank - have been assigned.

FinecoBank is responsible for first and second-level monitoring, especially for verifying that the risk level of individual companies is compatible with the guidelines set by the Parent Company, individual company equity, and prudential supervisory rules.

As an aid to the reader, an explanatory glossary of terms used is provided at the end of this section.

Organizational structure

The Board of Directors of FinecoBank ("Board") is tasked with setting the strategic policies and the guidelines for the organizational and operational structures, overseeing and monitoring their timely execution within the risk profiles of assigned. The Board is responsible for promoting a company culture that empowers controls, in compliance with the indications and principles contained in the Supervisory Instructions, setting and approving strategies for identifying and evaluating risk, and approving the strategic guidelines and risk management policies. The Board also verifies that the internal control structure is consistent with the risk tolerance established and approves policies for the management of risks.

The Managing Director has been assigned specific powers by the Board of Directors in all the Bank's areas of activity. These powers are to be exercised in accordance with the applicable regulations and within the limits of the Parent Company directives and the policies, instructions, limits, risk assumption procedures and using the operational methods governed by the applicable information notices. The Managing Director puts in place the necessary measures to ensure the establishment and maintenance of an efficient and effective internal control system.

The CRO Department, in line with the instructions and the guidelines of the Parent Company, is responsible for credit operations and risk management. The disclosure, at various levels, is provided by the Strategic Bodies and Officers (Managing Director, Board of Directors, Risk Committee). In relation to the Basel II Pillar 2 instructions, reputational and business risk and, in collaboration with the CFO, liquidity risk are also monitored and reported.

The CRO and the Chief Financial Officer (CFO) are responsible for proposing and adapting the Group Risk Appetite Framework to FinecoBank and setting risk management strategies and policies, in line with the Bank's strategies and objectives, coordinating and monitoring their implementation by the units responsible, also in the various company areas.

The CRO Department ensures the control of the Bank's overall risk profile monitoring the various types of exposure, in accordance with the methods established by the Parent Company.

The Risk Management Unit prevents and monitors different components of Bank risks. The function specifically controls credit, market and operational risks to which the Bank is exposed. The Risk Management function also monitors business, reputational and liquidity risk. The Risk Management Unit supports the CRO, in the area of responsibility of the Department, in monitoring and reporting to the Strategic Bodies and Officers.

The corporate governance structure for operational risk involves the establishment of the Risks Committee, which defines the strategies for the mitigation and assessment of all types of risk, within the directives issued by the Parent Company, and approves and validates the internal procedures and operating manuals for operational risk.
Lastly, the participation by the Chief Risk Officer and Head of Risk Management in the Products Committee ensures oversight of the operational risk associated with the Bank's new business activities, as well as creating and disseminating a risk culture in the various functional areas.

Section 1 – Credit Risk

Qualitative information

1. General aspects
FinecoBank's objective is to provide an adequate range of products able to satisfy and encourage loyalty among customers, through a competitive and complete offer. The development of the products and of the product line must also seek to maintain portfolio quality and, in any event, adequate processes to monitor profitability.
Lending is expanded through the development of new products, or modification of existing ones, as well as through the protection of market share achieved. The factors that generate credit risk are determined by acceptance and creditworthiness polices, which are always adequately correlated to the risk/return ratio, and therefore remuneration of the product.

In line with the Risk Appetite established by the Group, FinecoBank sets the Credit Risk Strategies as an instrument for credit risk management. The Strategies focus on loans and receivables with customers and are aimed at reducing cost of risk and rates of default by setting the Target Risk and optimizing the loan portfolio.

The quality of the loan portfolio, which is constantly monitored and supported by risk mitigation instruments, is protected by scoring models that contribute to evaluation during the approval process, ensuring that it is consistent and controlled. In addition to adequate coverage of the risk levels, monitoring of the portfolio and its segmentation by product and seniority allow a better understanding of the best loan issue strategies. The identification of any high-risk areas permits intervention on the automated measurement systems as well as on disbursement standards, with the possibility to take measures to limit credit risk in advance.

In the first half of 2014, lending activity continued to focus on granting credit lines, mostly backed by assets, issuing credit cards with full payment of the balance at term to current account holders, and granting personal loans.

In the first half of the year, loans to ordinary customers grew due to an increased use of credit lines for the product "Fido con Mandato a Vendere su Amministrato e Sicav" (Credit line backed by assets under management and SICAVs, with mandate for selling) introduced in 2013: customers can obtain a credit line in proportion to the amount of securities they hold. The new offering is designed to meet the liquidity needs of affluent customers to avoid divestitures.

Choices concerning the investment of the Bank's liquidity are governed by a prudential approach aimed at containing credit risk and mainly involve deposits with UniCredit and the subscription of bonds issued by the latter. Please refer to the following sections for a description of the new liquidity investment policies.

2. Credit Risk Management Policies

2.1 Organizational aspects

The credit process can be broken down into the following stages:

- assessment of creditworthiness
- granting/disbursement of credit
- credit monitoring
- management of impaired loans
- risk measurement and control

The assessment of creditworthiness entails ascertaining the ability of the borrower to repay. It is performed by specific centralized and specialist operating units in the various product lines disbursed to customers (personal loans, credit cards, credit lines). On receipt of the request, the offices in question assess the reliability of documentation, evaluate the equity and income situation, and gather information, also by consulting public records, private banks and system data such as the information contained in the Bank of Italy's risk center and in the Group archives.

In addition to an assessment of creditworthiness by the dedicated functions, credit approval also requires that they assess the compatibility of the request with the customer's overall situation, considering the amount requested and agreeing on a different amount with the customer, where necessary, evaluate and finalize guarantees, if any, linking them to credit lines and filing them according to specific processes. Lastly, the decision-making parties approve or reject the application on the basis of their powers or send the application to a higher decision-making body.

Credit monitoring is carried out on credit lines to check that the economic situation of the Customer and of the guarantor that resulted in the approval has not changed. This check may entail collecting updated system data and information, as well as information from private banks. Checks are carried out according to established processes at set intervals, and may vary according to the amount of the credit line granted.

In line with the general principles laid down by the Regulatory Authority, receivables are classified on the basis of the level of impairment, which may be established on the basis of qualitative or quantitative criteria.

The management of impaired loans entails taking all action necessary to restore them to normality or to recover the credits in situations where the relationship cannot be continued. All of these measures are established by specific

processes based on the type and amount of the past-due loan and the past-due period as well as taking into account any financial assets of the customer, which may be offered as collateral. Credit collection is performed through payment reminders directly carried out by FinecoBank as well as through reminders and debt recovery carried out by specialized, authorized external companies.
Lastly, management also entails forecasting losses on an individual basis, which is continuously updated based on the progress of recovery actions for the amounts due or based on information collected during the recovery actions.

The measurement and control of credit risk takes place at the assessment stage with the support of scoring tools that analyse the customers' socio-demographic profiles, making an assessment of individual counterparties on a statistical basis and supplementing the assessment, on one hand, with the support of credit bureaus for a better knowledge of public and private data and on the other hand, with information contained in the Bank of Italy's risk center.
Credit risk control is also performed through the systematic assessment of the performance of loan portfolios in order to estimate expected losses and intervene on disbursement policies where necessary.

2.1.1 Factors that generate Credit Risk

In the course of its credit business activities FinecoBank is exposed to the risk that its loans may, due to the deterioration of the debtor’s financial condition, not be repaid at maturity, and thus result in a partial or full write-down. This risk is always inherent in traditional lending operations regardless of the form of the credit facility. The main reasons for default lie in the borrower’s lack of autonomous ability to ensure the repayment of the debt.

In addition to the granting and disbursement of credit, FinecoBank is also exposed to counterparty risk for all the activities for all clearing and pre-clearing operations with the institutional and banking counterparties necessary to conduct the Bank’s business. Counterparty risk is defined as the risk that a counterparty to one of the transactions is in default prior to the final settlement of the financial flows involved in the transaction. The counterparties in these transactions could default as a result of insolvency, political and economic events, lack of liquidity, operating problems or other reasons.
Other transactions involving counterparty risk are:

- entering into derivative contracts;
- purchasing and selling securities, futures, or currencies;
- holding third-party securities.

In addition, “Non-Traditional Credit Risk” is generated by leverage/short transactions conducted through securities lending. Leverage/short transactions conducted through securities lending, also when there are automatic stop losses performed within the margins, can generate credit risk if the security lacks liquidity (for example, in the case of dramatic events that affect the normal functioning of markets) and/or the margin is insufficient. To anticipate such events, scenario analyses are conducted periodically to assess the impacts and implement appropriate mitigation policies.

FinecoBank monitors and manages the specific risk of each counterparty and the overall risk of loan portfolios through procedures, structures and rules that steer, govern and standardize the assessment and management of credit risk, in line with the Group principles and best practice, and which are capable of extending their effectiveness to all phases of the economic cycle.

FinecoBank reports all information to the Parent Company that can help it in its assessment of each FIBS counterparty ("Financial Institutions, Banks and Sovereigns") that FinecoBank intends to have dealings with and with respect to whom a risk limit (ceiling) is to be set within which the Group intends to operate.

The assessment is conducted within the risk limits assigned to the counterparty's Economic Group, i.e. considering the Group's exposure towards all the parties legally and economically linked to the counterparty. At the end of the assessment, the Parent Company assigns FinecoBank a risk limit that has to be monitored.

2.2 Management, measurement and control system

The measurement of credit risk during the issue process is supported by automated assessment systems (so-called credit scoring systems). These systems also incorporate all available information and facts: public and private data provided by Credit rating bureaus, Risk Center data flows or information requests submitted to the Bank of Italy, Group archives with data relating to positions shared with other Group banks and other performance information on customers, historicised by FinecoBank. During the loan application process, attention is always focused on the possibility of optimizing all information concerning customers that has been provided by the Bank, the Group and the System.

The collection of any guarantees, their assessment and the margins between the fair value of the guarantee and the amount of the loan granted are a simple kind of support to risk mitigation, but there is no relevant positive correlation between the value of the financial guarantee and the applicant's creditworthiness.

The collective write-downs of the "performing" loan portfolio are determined using migration rates, through transition matrices, both from performing loans to non-performing loans and for each classification status (past due, doubtful, non-performing) by combining the default rates with the expected recovery rates individually calculated for non-performing loans and taking account of any supporting guarantees.

The global assessment of portfolio risks, in order to identify the sustainability of the asset and the remuneration margins, is made both with the assistance of a tool shared with the Parent Company (Credit Tableau de Bord), which contains all the main risk indicators and the largest receivables of those listed, and with the support of specific product reports that identify the trend of default rates, broken down by disbursement period and default level.

The monitoring of credit risk as part of the management of the trading book is conducted by breaking it down into rating class and issuer sector, which determine the implicit risk of contracts.

2.2.1 Credit Risk Strategies

The Group Credit Risk Strategies (GCRS) are one of the advanced instruments for managing credit risk. Consistent both with the budget process and industry expert views, the GCRS provide a set of guidelines and operative targets on the loan portfolio evolution (new business), aimed at improving the overall risk-return profile of the portfolio.

Based on the Group's risk appetite, FinecoBank identifies its own targets related to credit quality and profitability of its loan portfolio which are then defined in FinecoBank's risk appetite.

FinecoBank's Credit Risk Strategies focus on loans and receivables with customers. The objective is therefore to keep risk/default levels within the limits.

Credit risk strategies are set by using the main credit risk measures established by the Parent Company in order to correctly and prudentially manage credit portfolio risk.

2.3 Credit risk mitigation techniques

In order to mitigate risk when granting the different types of credit facilities, various types of collateral are obtained: liens on shares, bonds or investment funds, insurance contracts and government bonds are used to guarantee current account overdraft facilities, whilst the registration of first mortgages is quite rare.

2.4 Impaired financial assets

Loans are classified as past due, doubtful or non-performing in accordance with the criteria set forth by the Bank of Italy and the thresholds established by the Parent Company, with methods differing according to product type. Generally speaking, the classification of problem loans is usually objective, while the classification as non-performing, linked to the customer's insolvency, is always individual and defined on the basis of the progress of debt recovery actions.

The loss estimate for classified positions is also individual.

The classification criterion used for overdrawn accounts is related to the performance of debt recovery activity or the forced sale of securities to cover debts.

The restructuring of loans is only authorized if the amount past due has been paid in full in observance of the original payment schedule, or if considerable payments have been made leading the Bank to believe the debt exposure is very likely to be repaid.

The procedure for the management of irregularly performing loans involves actions that may be taken to recover debts by ranking them by seniority of expiration.

Quantitative information

A. Credit quality

A.1 Impaired and performing loans: amounts, write-downs, changes, distribution by business activity/region

A.1.1 Breakdown of financial assets by portfolio and credit quality (book value)

Portfolio/quality	Non-performing loans	Doubtful loans	Restructured loans	Past-due impaired loans	Past-due non-impaired loans	Other assets	Total
1. Financial assets held for trading	-	-	-	-	-	5,238	5,238
2. Available-for-sale financial assets	-	-	-	-	-	1,715,314	1,715,314
3. Held-to-maturity investments	-	-	-	-	-	-	-
4. Loans and receivables with banks	-	-	-	-	-	13,476,117	13,476,117
5. Loans and receivables with customers	3,411	637	-	860	23,954	667,280	696,142
6. Financial assets designated at fair value through profit or loss	-	-	-	-	-	-	-
7. Financial instruments classified as held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	-	9,926	9,926
Total June 30, 2014	**3,411**	**637**	**-**	**860**	**23,954**	**15,873,875**	**15,902,737**
Total December 31, 2013	**3,277**	**673**	**-**	**781**	**18,662**	**17,167,763**	**17,191,156**

(Amounts in € thousand)

As at June 30, 2014 there were no impaired purchased loans.

A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)

Portfolio/quality	Impaired assets			Performing			Total
	Gross exposure	Specific impairment	Net exposure	Gross exposure	Portfolio impairment	Net exposure	(net exposure)
1. Financial assets held for trading	-	-	-	X	X	5,238	5,238
2. Available-for-sale financial assets	-	-	-	1,715,314	-	1,715,314	1,715,314
3. Held-to-maturity investments	-	-	-	-	-	-	-
4. Loans and receivables with banks	-	-	-	13,476,117	-	13,476,117	13,476,117
5. Loans and receivables with customers	21,391	(16,483)	4,908	698,773	(7,539)	691,234	696,142
6. Financial assets designated at fair value through profit or loss	-	-	-	X	X	-	-
7. Financial instruments classified as held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	9,926	9,926
Total June 30, 2014	**21,391**	**(16,483)**	**4,908**	**15,890,204**	**(7,539)**	**15,897,829**	**15,902,737**
Total December 31, 2013	**21,174**	**(16,443)**	**4,731**	**17,065,063**	**(7,722)**	**17,186,425**	**17,191,156**

(Amounts in € thousand)

As at June 30, 2014, there were no performing loans to customers renegotiated under collective agreements and no impaired purchased loans; no partial write-offs have been made on impaired financial assets.

Breakdown by maturity of net performing loans to customers, amounting to €691,234 thousand (€636,519 thousand as at December 31, 2013), is as follows:

- not past due of €667,280 thousand (€617,858 thousand as at December 31, 2013);
- not-impaired, past due between 1 day and 90 days of €19,089 thousand (€18,015 thousand as at December 31, 2013);
- not-impaired, past due between 90 days and 180 days of €4,739 thousand (€451 thousand as at December 31, 2013);
- not-impaired, past due between 180 days and 1 year of €122 thousand (€191 thousand as at December 31, 2013);
- not-impaired, past due by more than 1 year of €4 thousand (€5 thousand as at December 31, 2013).

Other performing loans shown in table A.1.2 are all not past due.

A.1.3 On-balance sheet and off-balance-sheet credit exposures to banks: gross and net values

Type of exposure/Amount	*Exposure gross*	*Specific impairments*	*Portfolio impairments*	*Net exposure*
A. On-balance sheet exposures				
a) Non-performing loans	-	-	X	-
b) Doubtful loans	-	-	X	-
c) Restructured loans	-	-	X	-
d) Past-due impaired loans	-	-	X	-
e) Other assets	13,476,151	X	-	13,476,151
Total A	**13,476,151**	**-**	**-**	**13,476,151**
B. Off-balance sheet exposures				
a) Impaired	-	-	X	-
b) Other	556,444	X	-	556,444
Total B	**556,444**	**-**	**-**	**556,444**

(Amounts in € thousand)

In the above table, item B. "Off-balance sheet exposures" includes the counterparty risk related to repos that can be classified as "Securities Financing Transactions" (SFT) defined in prudential regulations, amounting to €237,387 thousand.

There were no securities lending transactions collateralised by other securities or without a cash guarantee with banks.

A.1.4 On-balance sheet credit exposures to banks: gross change in impaired exposures:

No data to report.

A.1.5 On-balance sheet credit exposures to banks: trend in total write-downs

No data to report.

A.1.6 On-balance sheet and off-balance-sheet credit exposures to customers: gross and net values

Type of exposure/Amount	*Exposure gross*	*Specific impairments*	*Portfolio impairments*	*Net exposure*
A. On-balance sheet exposures				
a) Non-performing loans	17,884	(14,473)	X	3,411
b) Doubtful loans	1,967	(1,330)	X	637
c) Restructured loans	-	-	X	-
d) Past-due impaired loans	1,540	(680)	X	860
e) Other assets	2,414,097	X	(7,539)	2,406,558
Total A	**2,435,488**	**(16,483)**	**(7,539)**	**2,411,466**
B. Off-balance sheet exposures				
a) Impaired	1	-	X	1
b) Other	445,723	X	-	445,723
Total B	**445,724**	**-**	**-**	**445,724**

(Amounts in € thousand)

In the above table, item B. "Off-balance sheet exposures" includes the counterparty risk related to securities lending transactions collateralised by other securities and to repos that can be classified as "Securities Financing Transactions" (SFT) defined in prudential regulations, amounting to €437,921 thousand.

There were no securities lending transactions without cash guarantees with customers.

A.1.7 On-balance sheet credit exposures to customers: trend of gross impaired exposures:

Source / Categories	*Non-performing loans*	*Doubtful loans*	*Restructured loans*	*Past-due loans*
A. Opening balance - gross exposure	**17,664**	**2,065**	**-**	**1,444**
of which: assets sold but not derecognised	-	-	-	-
B. Increases				
B.1 inflows from performing loans	22	378	-	3,350
B.2 transfers from other categories			-	
of impaired exposures	1,850	1,791	-	-
B.3 Other increases	139	220	-	413
C. Decreases				
C.1 outflows to performing loans	-	(338)	-	(395)
C.2 de-recognitions	(1,491)	(6)	-	-
C.3 collections	(299)	(313)	-	(1,434)
C.4 disposals	-	-	-	-
C.4 bis losses on disposal	-	-	-	-
C.5 transfers to other categories				
of impaired exposures	-	(1,827)	-	(1,814)
C.6 other decreases	(1)	(3)	-	(24)
D Gross exposure closing balance	**17,884**	**1,967**	**-**	**1,540**
of which: assets sold but not derecognised	-	-	-	-

(Amounts in € thousand)

A.1.8 On-balance sheet credit exposures to customers: trend in total impairments

Source / Categories	*Non-performing loans*	*Doubtful loans*	*Restructured loans*	*Past-due loans*
A. Total opening impairment	**(14,387)**	**(1,393)**	**-**	**(663)**
of which: assets sold but not derecognised	-	-	-	-
B. Increases				
B.1 impairment	(1,093)	(844)	-	(584)
B.1.a losses on disposal	-	-	-	-
B.2 transfers from other categories of impaired exposures	(780)	(167)	-	-
B.3 Other increases	(22)	-	-	-
C. Decreases				
C.1 write-backs from assessments	206	280	-	268
C.2 write-backs from recoveries	112	48	-	92
C.2.a gains on disposal	-	-	-	-
C.3 de-recognitions	1,491	6	-	-
C.4 transfers to other categories of impaired exposures	-	740	-	207
C.5 other decreases	-	-		-
D Final overall impairment	**(14,473)**	**(1,330)**	**-**	**(680)**
of which: assets sold but not derecognised	-	-	-	-

(Amounts in € thousand)

There were no impaired on-balance sheet credit exposures to banks.

Information on Sovereign Exposures

The Bank is exposed to the sovereign debt of some countries, having invested a portion of its assets in debt securities issued by governments and, specifically, in securities issued by the Italian and French governments. The following table shows the nominal value, the book value and the fair value of these exposures as at June 30, 2014.

	Face value 06.30.2014	*Book value 06.30.2014*	*Fair value 06.30.2014*	*% of financial statement item*
Exposures to the Italian government	**1,579,004**	**1,705,043**	**1,705,043**	
Financial assets held for trading	4	5	5	0.05%
Available-for-sale financial assets	1,579,000	1,705,038	1,705,038	99.40%
Exposures to the French government	**10,000**	**10,277**	**10,277**	
Available-for-sale financial assets	10,000	10,277	10,277	0.60%
Total Sovereign exposures	**1,589,004**	**1,715,320**	**1,715,320**	

(Amounts in € thousand)

The following table shows the sovereign ratings as at June 30, 2014 for countries to which the Bank is exposed as at June 30, 2014, provided by Fitch Ratings, Moody's and Standard & Poor's.

	Italy	*France*
FITCH RATINGS	BBB+	AA+
MOODY'S	Baa2	Aa1
STANDARD & POOR'S	BBB	AA

As at June 30, 2014, investments in debt securities issued by sovereign states accounted for 10.5% of the Bank's total assets.
There were no structured debt securities among the sovereign debt securities held by the Bank.

The Bank is therefore exposed to fluctuations in the price of Italian and French public debt securities. Tensions or volatility in the government bond market could negatively impact on the Bank's financial position and performance.

Section 2 - Market risk

Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Bank's portfolio, if it includes the assets held in the trading book (assets held for trading) as well as those in the banking book, i.e. the transactions connected to strategic investment choices.

Risk Management Strategies and Processes

The Parent Company's Board of Directors lays down strategic guidelines for taking on market risks by calculating capital allocation for the Parent company and its subsidiaries, depending on risk appetite and value creation objectives in proportion to risks assumed.
The Board of Directors of FinecoBank, in line with the Group's approach, approves a general framework of reference for market risk and any significant changes, relating to the organizational structure, strategies, and methods.
FinecoBank's strategy is to keep the minimum level of market risk in line with business needs and the limits set by the Parent Company.
Market risk in FinecoBank is defined through two sets of limits:

- Global measures of market risk (e.g. VaR): which are meant to establish a boundary to the economic capital absorption and to the economic loss accepted in trading activities; these limits must be consistent with assigned revenue targets and the defined risk taking capacity;
- Granular measures of market risk (Sensitivity limits, Stress scenario limits, Nominal limits): which exist independently of, but act in concert with the global limits; in order to control more effectively and more specifically different risk types, desks and products, these limits are generally granular sensitivity or stress-related limits. The levels set for granular limits aim at limiting the concentration in individual risk factors and the excessive exposure in risk factors which are not sufficiently covered under VaR.

Structure and Organization

In order to ensure the effective implementation of operations and the consistency of policies, methods and practices related to market risk in the Group legal entities, the Group model for activities related to market risk is based on the definition of specific responsibilities.
In its relations with FinecoBank, the Parent Company is mainly responsible for:

- establishing, implementing and refining appropriate measures at global level for measuring exposure to market risk;
- setting risk limits, based on measurements identified, in line with the risk appetite approved by the Group.

The Market Risk function of FinecoBank, within the Risk Management Unit, in full compliance with local legal and regulatory obligations, works together with the Market Risk Management Italy Function of the Parent Company and is tasked primarily – but not exclusively – with:

- calculating the risk measurements for the global and granular measures for the Bank's portfolios;
- checking that the measurements are compatible with the approved limits;
- initiating the escalation process when limits are exceeded, engaging the Market Risk Management Italy function of the Parent Company;
- discussing and approving new products with innovative and complex market risk profiles, providing the Financial Risk Italy function of the Parent Company with adequate information in order for the said function to issue a non-binding opinion on the matter.

Risk measurement and reporting systems

Trading Book

The main tool used by FinecoBank to measure the market risk of trading positions is Value at Risk (VaR), calculated using the historic simulation approach.

The historic simulation method involves the daily revaluation of positions on the basis of market price trends over an appropriate observation period. The resulting distribution of gains and losses is analysed to determine the effect of extreme market fluctuations on portfolios. The percentile value of the distribution corresponding to the set confidence level represents the VaR. The following parameters are used to calculate VaR: confidence level 99%; time horizon of 1 day; daily update of the time series; observation period of 500 days.

Banking Book

The primary responsibility for monitoring and controlling Market Risk management in the Banking Book lies with the Bank's competent Bodies. The Parent Company is responsible for monitoring market risk in the banking book at consolidated level, while sharing this responsibility with the relevant functions of the Legal Entities at local level.

The Parent Company, defines structure, data and frequency of the necessary Group and local level reporting.

Market risk in the banking book mainly consists of credit spread risk, interest rate risk and foreign exchange risk.

Credit spread risk mainly arises from investments in debt securities held for liquidity purposes. Market risk associated with the bond portfolio is monitored and subject to limits on the notional amount, the sensitivity to Economic Value and the Value at Risk.

The management of interest rate risk focuses on stabilizing this second type of risk. The banking book interest rate risk measure covers both the value and net interest income risk aspects. More precisely, the different, and complementary, perspectives involve:

- Economic value perspective: variation in interest rates can affect the economic value of assets and liabilities. The economic value of the Bank can be viewed as the present value of the expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities. A relevant risk measure from this perspective is the economic value sensitivity per time bucket for a 1bp rate shock. This measure is reported to the relevant committees to assess the economic value impact of various changes in the yield curve. The economic value sensitivity is also calculated for a 200bp parallel shock. A monitoring variable from this perspective is the value at risk resulting from interest rate risk exposure;
- Income perspective: the focus of analysis is the impact of changes of interest rates on accrual or reported Net Interest Income that is the difference between revenues generated by interest sensitive assets and the cost related to

interest sensitive liabilities. An example of a measure of risks used is Net Interest Income sensitivity for a 100bp parallel shock in rates. This measure provides an indication of the impact that such a shock would have on the net interest income over the next 12 months. For these rate scenarios the 0% floor is considered for the downward shock in view of the current low rate environment. Additional scenarios that are evaluated include steepening and flattening scenarios (non-parallel shocks).

The third type of risk is foreign exchange risk. This exposure mainly derives from a mismatching of assets and liabilities in USD. Exchange rate risk is hedged through the matching of assets and liabilities denominated in currency or through spot transactions in foreign currencies.

Procedures and methodologies for Valuation of Trading Book positions

FinecoBank ensures that the value applied to each trading book position appropriately reflects the current fair (market) value, i.e. the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of each financial instrument is based on, or derived from, observable market prices or inputs. The availability of observable prices or inputs differs by product and market, and might change over time.

If observable prices or parameters are readily and regularly available (i.e. satisfying adequate liquidity requirements), they are directly employed in the determination of fair value (mark-to-market).

In non-active markets or for certain instruments, for which observable prices or inputs are not available, fair values are calculated using valuation techniques that are appropriate for the specific instrument (mark-to-model). This approach involves estimation and judgment and, therefore, might require valuation adjustments which take into account bid-ask spreads, liquidity and counterparty risk, besides the employed pricing model. In addition, each pricing model used for fair value calculation is validated by a dedicated function independent from business units.

According to the Group Market Risk Governance Guidelines, which define principles and rules for managing and controlling activities potentially involving a market risk, in order to ensure the adequate separation between functions in charge of development activities and functions in charge of validation, all valuation models developed by the front-office functions of Group companies need to be centrally and independently tested and validated by the Market Risk functions of the Parent Company. Model validation is also carried out centrally for any novel system or analysis framework whose utilization has a potential impact on the Bank's economic results.

In addition to daily marking to market or marking to model, Independent Price Verification (IPV) shall be performed by FinecoBank's Risk Management. This is the process by which market prices or model inputs are regularly verified for accuracy and independence. While daily marking to market or marking to model may be performed by front-office dealers, verification of market prices and model inputs is performed at least monthly.

Risk measures

VaR

The VaR calculated within the measurement of the market risk of the banking and trading book uses a historical simulation approach. The choice of model adopted by the Parent Company has a series of advantages:

- easy to understand and communicate;
- does not require any explicit assumptions about the particular functional form of the distribution of yields of the risk factors;
- does not require estimation of the variance-covariance matrix of the market factors that may affect the value of the portfolio.
- captures the correlation structure reflected in the simultaneous changes in market factors, implicitly assuming that it will remain constant in the future.

On the other hand VaR models based on historical simulations do not provide any information on the amount of the loss exceeding the VaR. This why the framework established by the Parent Company uses additional instruments such as stress tests.

2.1 Interest rate risk and price risk – regulatory trading book

Qualitative information

A. General aspects

The trading book is used to hold debt securities (ordinary and subordinated, structured and plain vanilla), equity instruments, and certificates – listed and non-listed – related to brokerage activities with retail customers.

FinecoBank does not perform proprietary trading and does not assume speculative positions in its books. Entries in the Bank's trading book are recorded against brokerage activities with retail customers particularly during the sale of OTC instruments. Other entries in the trading book are made for the internalisation of various financial instruments when the Bank is a counterparty to the customer. This activity is performed as a result of the options introduced by the MiFID which allow the execution of orders for financial instruments in a number of execution venues including internal execution.

B. Processes for managing and methods for measuring interest rate risk and price risk

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, please refer to the introduction.

Quantitative information

1. *Regulatory trading book: internal models and other methods of sensitivity analysis*

FinecoBank monitors the VaR of the Trading Book on a weekly basis.

As at June 30, 2014, the daily VaR of the trading book amounted to €170 thousand.

2.2 Interest rate risk and price risk – banking book

Qualitative information

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

Interest rate risk consists of changes in interest rates that are reflected in:

- interest income sources, and thus, the Bank's earnings (cash flow risk);
- the net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

In line with the Group approach, FinecoBank measures and monitors interest rate risk daily, within the methodological framework and the corresponding limits or thresholds set by the Parent Company. These relate to the sensitivity of the net interest margin and the economic value.

Interest rate risk has an impact on all owned positions resulting from strategic investment decisions (banking book).

The main sources of interest rate risk can be classified as follows:

- repricing risk - the risk resulting from timing mismatches in maturities and the repricing of the Bank's assets and liabilities; the main features of this risk are:
  - yield curve risk – risk resulting from exposure of the bank's positions to changes in the slope and shape of the yield curve;
  - basis risk – risk resulting from the imperfect correlation in lending and borrowing interest rate changes for different instruments that may also show similar repricing characteristics;
- optionality risk – risk resulting from implicit or explicit options in the Group's banking book positions.

Within the organizational framework described above, the Board of Directors of FinecoBank approves the limits on interest rate risk previously agreed with the Parent Company. These limits are set in terms of VaR (calculated using the methodology described above in relation to the trading book).

FinecoBank is responsible for managing the exposure to interest rate risk within the limits assigned.

To assess effects of the change in the interest rate curve on the banking book, scenario analyses are conducted that involve the parallel shifts in the rate curve of +/- 100 bps and +/- 200 bps at weekly intervals. For more details see section *2. Banking book: Internal models and other methods of sensitivity analysis*.

B. Fair value hedging activities

Hedging strategies aimed at complying with interest rate risk limits for the banking portfolio are carried out with listed or unlisted derivative contracts. These derivatives, which are usually interest rate swaps, are the type of contracts most used.

Macro-hedging is generally used, meaning hedges related to the amounts of cash contained in asset or liability portfolios.

C. Cash flow hedging activity

There are currently no cash flow hedges generated by FinecoBank business operations.

D. Hedges of foreign investments

There are currently no hedges of foreign investments within FinecoBank's business operations.

Quantitative information

1. Banking book: internal models and other methods of sensitivity analysis

The following table provides the results of the analyses conducted.

Currency	Value analysis (Shift + 100 bp)	Value analysis (Shift - 100 bp)	Value analysis (Shift + 200 bp)	Value analysis (Shift - 200 bp)	Value analysis (Shift + 1 bp)	IRVaR*
EUR	29,836	-5,456	11,709	33,795	60	
USD	408	177	913	-95	5	
Other currencies	-8	19	103	-15	0	
Total	**30,236**	**-5,260**	**12,725**	**33,685**	**65**	**406**

(Amounts in € thousand)

*1 day holding period, confidence level 99%

The sensitivity analysis on net interest margin, which was conducted assuming a shift of + 100 basis points on the euro interest rate curve, showed an impact of €30,236 thousand as at June 30, 2014. A shift of -100 basis points showed an impact of - €5,260 thousand.

The sensitivity analysis on the value of shareholders' equity, which was conducted assuming a shift of + 200 basis points on the euro interest rate curve, showed an impact of €12,725 thousand. A shift of -200 basis points showed an impact of €33,685 thousand.

The sensitivity analysis on the value of shareholders' equity, which was conducted assuming a shift of + 1 basis point, showed an overall impact of €65 thousand.

The interest rate VaR figure for FinecoBank came to approximately €406 thousand.

Total VaR, including the Credit Spread Risk component arising from government securities held as investment of liquidity, amounted to €7,376 thousand.

2.3 Exchange rate risk

Qualitative information

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

As part of its treasury activities, FinecoBank collects funds in foreign currencies, mainly US dollars, through customer current accounts and repos, subsequently investing these funds in bonds, current accounts and time deposits with the Parent Company.

The impact on the value of balance sheet items is estimated using the Forex VaR indicator.

The VaR of the Bank's positions is not used for the calculation of the Pillar 1 capital requirement because the traditional standardized approach is used. The VaR is only used for management purposes.

B. Exchange rate risk hedging

Exchange rate risk is hedged through the matching of assets and liabilities denominated in currency or through spot transactions in foreign currencies.

The component of exchange rate risk that contributes to the formation of the overall VaR is usually tied to the temporal mismatch between assets and liabilities in US dollars.

Quantitative information

1. Internal models and other methods of sensitivity analysis

As at June 30, 2014, the daily Forex VaR of the overall portfolio (banking and trading books) was approximately €22 thousand.

Section 3 – Liquidity Risk

Qualitative information

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

Liquidity risk can be succinctly defined as the risk that FinecoBank, also due to unexpected future events, is unable to meet its payment obligations or to efficiently match expected cash inflows and outflows. Generally, there are two distinct types of liquidity risk: i) the funding liquidity risk, i.e. the risk that FinecoBank is unable to meet its payment commitments and obligations in an efficient manner due to its inability to raise funds without jeopardizing its core business and/or its financial situation ; and (ii) the market liquidity risk, i.e. the risk that FinecoBank is unable to sell a financial asset without incurring capital losses due to an illiquid market and/or the timing required to complete the transaction.

To address its exposure to liquidity risk - in terms of both funding liquidity risk and market liquidity risk - FinecoBank invests the portion of liquidity that according to its internal analyses is less stable ("non-core liquidity") in liquid assets or assets readily convertible into cash, such as, for example, demand deposits, short-term loans or government bonds that can be used as a source of short-term financing with the central bank.

Finally, as regards, the contractual maturity mismatch between sources and uses ("Contractual maturity risk") in the current management of its liquidity, each week FinecoBank monitors the mismatch between expected cash inflows and outflows at different time intervals, up to a maximum of one year. This is to make sure that the sum of the differences between the expected cash inflows and outflows over the next 12 months is always positive.

FinecoBank's main source of funding is the deposits of it customers.

Behavioural models for asset and liability items

The Group has developed specific behavioural models aimed at estimating the maturity profile of asset and liability items that do not have a contractual maturity; Indeed, some items that are perceived as due on demand, are actually subject to a more “rigid” behaviour.

More specifically, modelling of assets and liabilities aims to construct a replication profile that best reflects the behavioural characteristics of the items. An example is on demand items: estimates of the maturity profile reflect the perceived stickiness. These behavioural models are developed by the Planning, Finance and Administration function of the Parent Company and validated by the Risk Management function of the Parent Company and FinecoBank.

Section 4 - Operational risk

Qualitative information

A. General aspects, operational processes and methods for measuring operational risk

Operational risk

Operational risk is defined as the risk of losses due to errors, violations, interruptions, or damage caused by internal processes, personnel, systems or by external events. This definition includes legal and compliance risk, but not strategic and reputational risk.

For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, customer claims, product distribution, fines and penalties for regulatory breaches, damage to the Company’s physical assets, business disruption and system failures, and management of processes.

Group operational risk framework

The recognition, measurement, control and management of operational risk are carried out according to the principles established by Basel II in the "New Basel agreement on Capital" and in line with the "New regulations for the prudential supervision of banks" (Bank of Italy Circular no. 263 of December 27, 2006 as amended), which incorporate instructions on international convergence for the measurement of capital and of capital ratios.

These principles and provisions have been set out in the Group Framework for the management of operational risk and adopted in FinecoBank’s Operational Risk Manual approved by the Board of Directors.

The methods for classifying data and verifying its completeness, scenario analysis, risk indicators and risk capital reporting and measurement are set by the Group Operational & Reputational Risks department of the Parent Company and applied by FinecoBank in its capacity as a Group Legal Entity. A pivot element of the risk control framework is the operational risk management application, allowing the collection of the data required for operational risk control and capital measurement.

The compliance of the risk control and measurement system with external regulations and Group standards is assessed through an internal validation process, under the responsibility of the Group Internal Validation department of the Parent Company, which is independent from the Group Operational & Reputational Risks department.

FinecoBank has obtained the approval of the Bank of Italy for the use of advanced approaches (AMA) to calculate its capital requirement for operational risk with effect from June 30, 2010.

Organizational structure

The Strategic Direction Body is responsible for approving all aspects relating to the Group operational risk framework and verifying the adequacy of the measurement and control system and is regularly updated on changes to the risk profile and operational risk exposure, with support from the appropriate risk committees if required.

In addition to the Strategic Direction Body, the corporate governance structure for operational risk consists of the **Risks Committee** – introduced from June 24, 2009 – which examines all risk issues submitted to it, and approves and validates the internal procedures and operating manuals for operational risk.

The reports produced by Risk Management for the Risks Committee and for the Board of Directors ensure that management and the control bodies are constantly updated on the trend in operational risk within the Bank and can actively intervene in the management and mitigation of the risks. The Chief Risk Officer's participation in the **Products Committee** ensures oversight of the operational risk associated with the Bank's new business activities.

The Operational Risk Management (ORM) team is part of the broader Risk Management office which reports to the Chief Risk Officer of FinecoBank who in turn reports directly to the Managing Director.

The main activities carried out by the Risk Management office in terms of operational risk are:

- recognition, classification, validation and reporting of operating losses with consequent identification of problem areas;
- assessment of potential risks through scenario analyses and risk indicators (Key Risk Indicator-KRI);
- monitoring and optimisation of the internal control system;
- policies to mitigate and transfer risk through insurance cover;
- development of an operational risk culture within the Bank;
- generating reports for Senior Management on risk trends.

Internal validation process

In compliance with external regulations, the operational risk control and measurement system is subject to an internal validation process established by the Parent Company, in order to verify its compliance with minimum requirements and Group standards. This process is owned by the Pillar 2 Risks and Operational Risk Validation unit, within the Group Internal Validation department.

The use of the Advanced Measurement Approach (AMA) to calculate regulatory capital requires the preparation of an annual report on the management and control system for operational risk by the Operational Risk team. This Annual Report contains a self-assessment of the system and a detailed examination of the governance structure, the process for collecting data on losses, the scenario analyses and internal control system, as well as the operational use of the measurement system.

The Report is submitted to the approval of the Board of Directors and is validated by the Internal Audit department and Group GIV (Group Internal Validation). For 2013, the Internal Audit department and Group GIV confirmed that adequate protection measures are in place for operating risk as well as the adequacy of the existing management and control system.

Operational risk management

Operational risk management consists of the review of processes to reduce the risks found and the management of the related insurance policies, with the identification of the suitable deductibles and limits.

The Risks Committee and the Product Committee, from September 2011, have been joined by a Permanent Work Group (PWG), whose members include the CRO, the Risk Manager and the Organization function aimed at sharing their respective expertise in relation to the projects planned or in under way, new processes and products, or changes to them, and anything else that may affect the Bank's risk profile. The PWG's ultimate objective is to identify and then develop new mitigation measures.

As part of the prevention of operational risk and to control sales channels remotely, the Risk Management office has focused on fraud prevention measures.

The development of remote monitoring to prevent fraud has led to the creation of a system called System of Fraud Identification and Analysis (SoFIA). This system enables a larger amount of data and information on individual indicators to be analysed at the same time and enables possible irregularities to be detected on a daily basis through an alert system.

In this way, all of the names put forward to be checked are assessed at the same time with regard to all remote indicators (30 indicators).

On the basis of qualitative and quantitative assessments of these indicators, the assigned staff select any cases that need to be reported to the Network Controls Department, Monitoring and Network Services Department – reporting directly to the Managing Director – for subsequent examination.

Moreover, the Operational Risk team is updated annually on the results of the tests conducted in accordance with the Business Continuity and Disaster Recovery plans.

Risk capital measurement and allocation mechanism

Operational risk is measured internally by means of:

- collecting data on losses;
- monitoring Key Risk Indicators (KRI);
- scenario analysis
- remote control of sales channels

The collection and classification of operating losses is managed by a Group system called Application for Risk Gauging On line (ARGO).

In addition to being used for internal prevention and improvement purposes, the information gathered is also used to calculate Pillar 1 and 2 capital requirements.

In terms of key risk indicators, there are currently 47 risk indicators split into nine control areas (Legal, Claims, Credit Cards, Back Office, PFA, IT systems, Payment Systems, Current Accounts, HR) which the Bank uses to measure its exposure to operational risk. If an indicator shows an irregular value, this may be related to changes in the exposure to operational risk.

Scenario analyses enable FinecoBank's exposure to operational risk, characterized by low frequency but high potential impact, to be estimated. The scenarios are identified by analysing internal losses, external events, risk indicator trends, critical processes, products and risk classes.

The inclusion of the data generated through the analyses of the scenario and of the trend of risk indicators are a forward-looking element of the risk capital calculation model.

Data collection and control is managed at local level, while the management and maintenance of the model to calculate regulatory capital is centralized for all Legal Entities of the Group at the Parent Company.

Risk capital for operational risk used for regulatory purposes as at June 30, 2014, amounted to €59,139 thousand.

Risks arising from significant legal disputes

FinecoBank is involved in individually insignificant legal proceedings over which there is considerable uncertainty regarding the outcome and the amount of possible charges. Where it is possible to reliably estimate the amount of possible charges and the charges are considered likely, provisions have been made in an appropriate amount based on the circumstances and consistent with international accounting standards. Specifically, as a precaution against these obligations and customers' complaints that have not yet resulted in legal proceedings, as at June 30, 2014, FinecoBank had a provision in place for risks and charges of €51,319 thousand.

Risks arising from tax disputes and audits

With regard to risks arising from tax disputes or audits, there are no changes to report compared to what was discussed in Part E of the Notes to the 2013 financial statements, except for the closure in April 2014 of the procedure for the tax assessment settlement relating to the notice of payment for 2008, received at the end of 2013. The settlement amount for that year was set at €244 thousand as tax and €122 thousand by way of penalties and accrued interest; provisions for these sums had already been allocated in the financial statements at December 31, 2013. The Bank made the payment on April 18, 2014 for a total amount of €367 thousand (including interest accrued up to the date of payment).

Quantitative information

Internal operating loss data is the main component used to calculate capital requirements against operational risk. Loss analyses enable the ORM team to make assessments on FinecoBank's exposure to operational risk and to identify any critical areas.

As at June 30, 2014, operating losses recorded in the accounts amounted to approximately €2 million.

The main sources of operating losses are shown below by "event type", i.e. by type of event that generated them according to the New Basel II Accord:

- Internal fraud: losses due to unauthorized activities, fraud, embezzlement or infringement of laws, regulations or company directives that involve at least one internal staff member of the bank or a resource hired under an agency contract;
- External fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the bank;
- employment practices and workplace safety: losses due to actions not compliant with the law or to agreements regarding employment, health and safety, to the payment of compensation for bodily harm, or to cases of discrimination or non-application of equality conditions;
- customers, products and professional practices: losses arising from non-fulfilment of professional obligations towards customers or from the nature or characteristics of the products or services provided;
- damage from external events: losses arising from external events, including natural disasters, acts of terrorism and vandalism;
- business disruption and system failures: losses owing to business disruption and system failures or interruptions;
- process management, execution and delivery: losses due to deficiencies in the completion of transactions or management of processes, as well as losses due to relations with commercial counterparties, vendors and suppliers.

Section 5 - Other Risks and information

Although the types of risk described above represent the main categories, there are, other types that FinecoBank considers important. In accordance with the provisions of Basel II Pillar 2, FinecoBank – with the support of the Parent Company – has identified other types of risk in addition to the credit, market, operational and liquidity risks described above:

- **Business risk** is defined as adverse, unexpected changes in business volume and/or margins that are not due to credit, market and operational risks. Business risk can result, above all, from a serious deterioration in the market environment, changes in the competitive situation or customer behaviour, as well as changes in the legal framework;
- **Strategic risk** is the risk of suffering potential losses due to decisions or radical changes in the business environment, improper implementation of decisions, lack of responsiveness to changes in the business environment, which result in negative impacts to the risk profile, capital and earnings as well as the overall direction and scope of a bank over the long run;
- **Reputational risk**, which represents the current or future risk of a fall in profits resulting from a negative perception of the Bank's image by Customers, counterparties, shareholders, investors or Supervisory Authorities.

FinecoBank has not included Real Estate Risk within the Bank's scope of risk, because it does not hold significant positions in real estate, nor does it include Financial Investment Risk, as it does not possess large non-speculative financial investments in companies external to the Group.

Following the identification of the significant risks, the Parent Company establishes the best way to analyse them in qualitative and quantitative terms. The quantitative measurement is carried out by the Parent Company using data sent by FinecoBank and is used to calculate the Internal Capital.

Credit, market, operational and business risks are measured quantitatively by the Parent Company, using:

- economic capital, calculation of the benefit of diversification and aggregation as a component of internal capital (including prudential cushion for model risk and variability of the economic cycle);
- Stress tests.

Internal Capital is the capital set aside as a buffer against the potential losses inherent in the Group's business activities and it takes into consideration all risk types that the Group has identified as measurable in terms of Economic Capital in line with Pillar II requirements.

For control purposes, Internal Capital is calculated quarterly by the Parent Company based on the periodic figures sent by FinecoBank; it is also projected for budgeting purposes.

The multi-dimensional nature of risk makes it necessary to supplement the measurement of economic capital with stress testing, not only in order to estimate losses in certain scenarios, but also to ascertain the impact of their determinants.

The stress test is one of the instruments used control significant risks in order to assess the Bank's vulnerability to "exceptional but plausible" events, providing additional information to the monitoring activities.

Stress testing, in accordance with regulatory requirements, is conducted on the basis of a set of internally defined stress scenarios and is performed at least twice a year by specific Parent Company functions.

ICAAP - Internal Capital Adequacy Assessment Process

Measuring the risk profile is a fundamental element of the Internal Capital Adequacy Assessment Process under Basel II Pillar 2 (ICAAP).
The Group’s approach to ICAAP relies on the definition of the “Risk Governance”, as a preliminary requirement, while the process consists of following phases:

- defining the scope and identifying the risks;
- assessing the risk profile;
- defining risk appetite and capital allocation;
- monitoring and reporting.

Capital adequacy is assessed by considering the balance between assumed risks, both Pillar I and Pillar II, and the available capital. With respect to Pillar II, the relevant metric is the Risk Taking Capacity, which is the ratio of available capital (Available Financial Resources - AFR) to Internal Capital.
The main elements of the internal process for determining capital adequacy include the setting and monitoring of the risk appetite. The risk appetite is defined as the level of risk that the Bank is willing to accept for the pursuit of its strategic objectives and business plan, taking into account the interests of its Customers and its Shareholder, capital requirements and other requirements.
The main objectives of the risk appetite are:

- Explicitly assessing the risks, and their interconnections at local and Group level, that the Bank decides to assume (or avoid) in a long-term perspective;
- Specifying the types of risk that the Bank intends to assume, setting targets, triggers and limits under both normal operating and stress conditions;
- Ensuring a risk-return profile "ex-ante" consistent with sustainable long-term growth, as defined by the return forecasts of the strategic plan/budget;
- Ensuring that the business developed within the limits of risk tolerance established by the Board of Directors of FinecoBank, in accordance with the applicable national and international regulations;
- Supporting discussions on future policy options with regard to the risk profile;
- Guiding the vision of internal and external stakeholders towards a risk profile consistent with the strategic plan;
- Providing qualitative descriptions for risks that are difficult to quantify (e.g. strategic, reputational, compliance) to strategically guide the review of processes and the internal control system.

The risk appetite includes a statement and a set of KPIs. The Statement sets out the Bank's positioning in terms of strategic objectives and associated risk profiles, while the KPIs are designed to quantitatively measure the Bank's in the following categories:

- Risk ownership
- Regulatory requirements;
- Profitability and risk;
- Control over specific types of risk.

For each KPI respective thresholds are identified, consisting of targets, triggers and limits. The setting of the thresholds is evaluated on a case by case basis, also through managerial decisions by the Board of Directors of FinecoBank, in compliance with the regulatory requirements and of the supervisory bodies and considering the consistency with the Group risk appetite.

The metrics are the subject of regular monitoring and reporting, at least quarterly. The monitoring, be competence, is carried out by the CRO Department, the CFO Department and the Italy Liquidity Center (Parent Company).

Glossary

Available financial resources (AFR)	AFR are the resources that can be used to safeguard the bank from insolvency. The AFR are an economic measure that consider the potential reserves, hybrid debt instruments, IFRS reserves, goodwill and other intangible assets, treasury shares held and the expected profits.
Banking book	The set of positions other than those included in the regulatory trading book are recorded in the banking book.
Core Tier 1 Ratio	The percentage of a bank's Tier 1 Capital to its risk-weighted assets. Tier 1 capital also consists of: • paid in capital; • reserves (including share premium) • retained earnings
Cost of Risk	The ratio between loan loss provisions and loans and receivables with customers. It is one of the indicators of the bank assets' level of risk: the lower the ratio, the less risky the bank assets.
Credit Quality – EL	EL%= EL/EAD Represents the expected loss as a percentage of the exposure in the event of default (EAD) of the performing portfolio. The perimeter is the customers of the performing portfolio.
Economic capital	Capital level that is required to cover the losses that may occur with at a time horizon of one year and a certain probability or confidence level. Economic Capital is a measure of the variability of the Expected Loss of the portfolio and depends on the degree of diversification of the portfolio itself.
Funding	Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.
Internal Capital	Represents the amount of capital required to cover potential losses and is required to support the business activities and positions held. Internal Capital is the sum of the aggregated Economic Capital and a cushion that considers the effects of the cycle and model risk.
Key Risk Indicators	The risk indicators are quantitative metrics that reflect exposure to Operational Risks of specific processes or products: the value expressed by an indicator should be related to changes in risk levels.
Leverage Ratio	The leverage ratio is the ratio between the total assets net of intangible assets and shareholders' equity, net of intangible assets.
Model Risk Category	The MRCs have been introduced at the group level in order to characterize the types of operational loss in more detail. They are obtained from the combination of the seven event types established by Basel II with one or more of products offered to customers.

Risk Taking Capacity	Ratio between Available Financial Resources and Internal Capital. Includes a prudential buffer (cushion).
RWA - Risk-Weighted Assets	RWA: On-balance sheet assets and off-balance sheet assets (derivatives and guarantees) classified and weighted by different coefficients referring to risks, following banking rules issued by local Regulatory Authorities (i.e. Bank of Italy, Bafin, etc.), to calculate solvency ratios.
Sensitivity	The greater or lesser degree of sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.
Sensitivity Analysis	Sensitivity analysis quantifies the change in value of a financial portfolio resulting from an unfavourable change in major risk factors (interest rate, exchange rate, equity)
Tier 1 Capital	The most reliable and liquid part of a bank's capital, as defined by regulatory rules.
Total Capital Ratio	The percentage of a bank's Tier 1 and Tier 2 capital to its risk-weighted assets. Tier 2 capital consists of: • valuation reserves • innovative capital and hybrid instruments
Trading Book	Positions held for trading are those held intentionally for a subsequent sale in the near term and/or assumed with the intention of benefiting, in the short term, from the differences between buying and selling prices, or other price or interest rate interest variations.
Value at Risk	A method used for quantifying risk. It measures potential future losses which will not be exceeded within a specified period and with a specified probability.

PART F – SHAREHOLDERS' EQUITY

Section 1 - Bank's shareholders' equity

A. Qualitative information

The management and allocation of capital (regulatory and economic), aimed at ensuring that the amount of capital and the related ratios are consistent with the risk profile assumed and comply with regulatory provisions, is carried out at Group level, given that the quality and the amount of capital resources of the individual Group companies are established on the basis of more general Group objectives and under Group management and coordination.

B. Quantitative information

B.1 Bank's shareholders' equity: breakdown

	Amount 06.30.2014	*Amount 12.31.2013*
1. Share capital	200,070	200,070
2. Share premium reserve	1,934	1,934
3. Reserves	190,924	127,715
- from profits	190,924	127,715
a) legal	33,061	28,800
b) statutory	-	-
c) treasury shares	-	-
d) other	157,863	98,915
- other	-	-
4. Equity instruments	-	-
5. (Treasury shares)	-	-
6. Revaluation reserves	4,912	4,214
- Available-for-sale financial assets	3,287	641
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedging instruments of foreign investments	-	-
- Cash flow hedges	-	-
- Exchange differences	-	-
- Non-current assets classified as held for sale	-	-
- Actuarial gains (losses) on	-	-
defined benefits plans	1,625	3,573
- Revaluation reserves for	-	-
associates carried at equity	-	-
- Special revaluation laws	-	-
7. Net Profit (Loss) for the year	73,862	85,216
Total	**471,702**	**419,149**

(Amounts in € thousand)

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

Asset/Amount	*Total 06.30.2014*		*Total 12.31.2013*	
	Positive reserve	*Negative reserve*	*Positive reserve*	*Negative reserve*
1. Debt securities	3,359	(72)	673	(32)
2. Equity instruments	-	-	-	-
3. Units in investment funds.	-	-	-	-
4. Loans	-	-	-	-
Total	**3,359**	**(72)**	**673**	**(32)**

(Amounts in € thousand)

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

	Debt securities	*Equity instruments*	*Units in investment funds*	*Loans*
1. Opening balances	**641**	**-**	**-**	**-**
2. Increases				
2.1 Fair value increases	2,744	-	-	-
2.2 Reclassification through profit or loss of negative reserves				
- from impairment	-	-	-	-
- from disposal	-	-	-	-
2.3 Other increases	-	-	-	-
3. Decreases				
3.1 Fair value reductions	(89)	-	-	-
3.2 Impairment losses	-	-	-	-
3.3 Reclassification through profit or loss of positive reserves				
- from disposal	(9)	-	-	-
3.4 Other increases	-	-	-	-
4. Closing balance	**3,287**	**-**	**-**	**-**

(Amounts in € thousand)

Section 2 - Regulatory capital and ratios

1.1 Regulatory capital - Own funds

A. Qualitative information

Own funds are measured on a quarterly basis in accordance with regulatory provisions. The results are reported to the Parent Company's Board of Directors.

As at June 30, 2014, Own Funds, calculated by applying the supervisory regulations in force according to the Basel III regulatory framework, amounted to €338,752 thousand, satisfying the mandatory regulatory requirements.

The “Common Equity Tier 1” and “Total Own Funds” were re-determined by applying the rules in force as of January 1, 2014.

	06.30.2014	*12.31.2013*
Common Equity Tier 1 - CET1	338,752	316,008
Additional Tier 1 – AT1	-	-
TIER 2 – T2	-	-
Total Own Funds	**338,752**	**316,008**

(Amounts in € thousand)

1. Common Equity Tier 1

Common Equity Tier 1 - CET1 consists of the following elements:

- share capital of €200 million, made up of 606,274,033 ordinary shares of a nominal value of €0.33 each;
- the share premium reserve of €1,934 thousand;
- the legal reserve, the extraordinary reserves and retained earnings of €190,923 thousand;
- accumulated other comprehensive income (OCI), which consists of the positive reserve of debt securities issued by central governments of EU member countries, held in the "available-for-sale financial assets" portfolio after December 31, 2009, amounting to €3,287 thousand, and the IAS19 Reserve, amounting to €1,625 thousand;
- the share of the profit for the first half of 2014 to be allocated to the reserves, amounting to €21,935 thousand. To this end, in the absence of a formal dividend policy, for the purpose of calculating own funds as at June 30, 2014, retained earnings included in Common Equity Tier 1 were estimated with reference to the average pay out of the last three years, as established in the European Commission Delegated Regulation (EU) no. 241/2014, supplementing regulation EU 575/2013 of the European Parliament.

The following deductions have been made from Common Equity Tier 1:

• book value of goodwill, net of deferred taxes, amounting to €68,409 thousand;

• other intangible assets, amounting to €7,915 thousand;

• deferred tax assets (DTA) depending on future profitability and arising from temporary differences that exceed 10% of CET1, amounting to €2,810 thousand.

Finally, the effects from applying the transitional provisions laid down in Bank of Italy Circular no. 285, concerning own funds, were taken into account; specifically:

• with regard to deferred tax assets (DTA) depending on future profitability and arising from temporary differences that exceed 10% of CET1, a 20% deduction was made for the year 2014, if they arose after January 1, 2014, and a 0% deduction otherwise; this resulted in a deduction of €40 thousand compared to the deduction of €2,810 thousand mentioned above;

• the positive revaluation reserves related to debt securities issued by central governments of EU member countries, held in the "available-for-sale financial assets" portfolio after December 31, 2009, were neutralized for an amount of €3,287 thousand,

• a 100% negative prudential filter was applied for 2014 for an amount of €1,372 thousand, on the IAS19 reserve in order to essentially restore the situation prior to IAS 19.

With regard to defined benefit plans under IAS 19, the entry into force on January 1, 2013 of the amendments (IAS 19R) that prescribe the elimination of the corridor method – with the resulting recognition of the present value of the defined benefit obligation – had an impact on FinecoBank shareholders' equity due to the recognition of net actuarial gains/losses in revaluation reserves, which were not previously recognized, in application of the said method. From a regulatory point of view, in order to avoid an artificial volatility in the calculation of regulatory capital before and after the introduction of the “CRR/CRD IV Package”, the supervisory authority ordered the implementation of a prudential filter designed to neutralize the impact of these amendments on 2014.

Lastly, it should be noted that, as required by the Bank of Italy in its communication of December 23, 2013 "Circular no. 285. Implementation in Italy of Regulation (EU) no. 575/2013 (CRR) and Directive 2013/36/EU (CRDIV), on January 29, 2014", FinecoBank informed the Bank of Italy that it intended to exercise the option to completely neutralize the unrealized gains and losses recognized in the revaluation reserves relating to debt securities held in the "Available-for-sale financial assets" portfolio after December 31, 2009, limited only to debt securities issued by central governments of EU member countries.

_2._ Additional Tier 1 - AT1

No data to report.

_3._ Tier 2 - T2

No data to report.

B. Quantitative information

Reconciliation of Regulatory capital with Carrying amounts

	06.30.2014	*12.31.2013*
Common Equity Tier 1 - CET1		
CET1 instruments		
Share capital	200,070	200,070
Share premium reserve	1,934	1,934
Reserves		
Reserves	190,923	127,714
Accumulated other comprehensive income (OCI)	4,912	4,214
Profit allocated to reserves	21,935	63,209
Profit for the year	*73,862*	*85,216*
Dividends and charitable donations	*(51,927)*	*(22,007)*
Deductions		
Goodwill to be deducted from regulatory capital	(68,409)	(69,075)
Goodwill	*(89,602)*	*(89,602)*
Deferred taxes relating to goodwill	*21,193*	*20,527*
Other intangible assets	(7,915)	(8,014)
Other deductions	(2,810)	(7,596)
Transitory regime– impact on CET1	(1,888)	3,552
Common Equity Tier 1 - CET1	**338,752**	**316,008**
Additional Tier 1 – AT1	-	**-**
TIER 2 – T2	-	**-**
Total Own Funds	**338,752**	**316,008**

(Amounts in € thousand)

The "Common Equity Tier 1" and "Total Own Funds" were re-determined by applying the rules in force as of January 1, 2014.

Report on Regulatory capital

	06.30.2014
Common Equity Tier 1 - CET1	
Opening balance	316,008
Profit for the year allocated to reserves	21,935
Changes in accumulated other comprehensive income (OCI)	697
Goodwill net of deferred taxes	667
Other intangible assets	99
Other deductions	4,786
Transitory regime– impact on CET1	(5,440)
Closing balance	338,752
Additional Tier 1 – AT1)	
Opening balance	-
Closing balance	-
TIER 2 – T2	
Opening balance	-
Closing balance	-
Total Own Funds	**338,752**

(Amounts in € thousand)

2.2 Capital adequacy

A. Qualitative information

As at June 30, 2014, FinecoBank prudential regulatory requirements were determined by applying the current supervisory regulations of the Basel III Traditional Standardized Approach, except for capital requirements for operational risk, which were calculated using Advanced Measurement Approaches.

According to Basel III supervisory regulations, those entities that use internal ratings-based approaches for calculating capital requirements for credit risk and the Advanced Measurement Approaches for calculating own funds requirements for operational risk must hold own funds that are at all times equal to or greater than 80% of the Basel I requirements (CRR 575/2013 art. 500).

As at December 31, 2013, FinecoBank prudential regulatory requirements were determined by applying the supervisory regulations of the Basel II Traditional Standardized Approach, except for capital requirements for operational risk, which were calculated using advanced approaches. To this end, the Bank supplemented the total capital requirements for the "floor" set by Bank of Italy regulations in force at the time, corresponding to the positive difference between 80% of the capital requirements calculated on the basis of regulations in force as at December 31, 2006, and the sum of capital requirements for credit, counterparty, market and operational risks, calculated using the current supervisory regulations of the Basel II Traditional Standardized Approach. As at December 31, 2013, the floor was €90,828 thousand, net of the 25% reduction granted to banks belonging to a banking group.

C. Quantitative information

Category/Amount	*Non weighted assets*		*Weighted assets*	
	06.30.2014	*12.31.2013*	*06.30.2014*	*12.31.2013*
A. RISK ASSETS				
A.1 Credit and counterparty risk	**16,965,532**	**18,756,147**	**993,473**	**1,073,917**
1. Traditional standardised approach	16,965,532	18,756,147	993,473	1,073,917
2. Internal rating method	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisations	-	-	-	-
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**79,478**	**85,913**
B.2 Market risk			**3,388**	**3,335**
1. Traditional standardised approach			3,388	3,335
2. Internal models			-	**-**
3. Concentration risk			-	-
B.3 Operational risk			**56,139**	**64,912**
1. Basic method			-	-
2. Traditional standardised approach			-	-
3. Advanced measurement approach			56,139	64,912
B.4 Other prudential requirements			**3**	**-**
B.5 Other calculation elements			**-**	**52,288**
B.6 Total prudential requirements			**139,008**	**206,448**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			1,737,602	2,580,595
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			19.50%	12.25%
C.3 Regulatory capital including Tier 3/ Risk-weighted assets (Total capital ratio)			19.50%	12.25%

(Amounts in € thousand)

Risk-weighted assets have been calculated by multiplying the total of prudential requirements by 12.5 (the inverse of the minimum compulsory coefficient of 8%).

According to Basel III supervisory regulations, in force as of January 1, 2014, entities that use internal ratings-based approaches for calculating capital requirements for credit risk and Advanced Measurement Approaches for calculating own funds requirements for operational risk must hold own funds that are at all times equal to or greater than 80% of the Basel I requirements (CRR 575/2013 art. 500), thereby replacing the requirement to supplement the Basel I floor set forth in the previous Bank of Italy regulation (Bank of Italy Circular no. 263).

This led to a reduction in capital requirements, which more than offset the elimination of the 25% reduction in capital requirements granted to banks belonging to a banking group under the previous legislation in force until December 31, 2013.

Capital requirement per type of risk and approach adopted

Type of risk	*Approach used*	*Capital requirements Basel 3 06.30.2014*	*Capital requirements Basel 2 12.31.2013*
Capital requirements credit and counterparty risk	Standardised method for On-balance sheet risk-weighted assets and Guarantees given and commitments to disburse funds, Current value approach for Derivative contracts and CRM - Comprehensive method with regulatory adjustments for SFTs	**79,478**	**85,913**
Market risk			
1. Currency risk	Traditional standardised approach	1,405	1,173
2. Risk position debt securities	Traditional standardised approach	1,784	1,254
3. Risk position equity instruments	Traditional standardised approach	199	906
4. Position risk commodities	Traditional standardised approach	-	-
Capital requirements market risk		**3,388**	**3,333**
1. Concentration risk	Traditional standardised approach	-	-
Capital requirements - concentration risk		**-**	**-**
1. Risk of adjustment of valuation of credit	Traditional standardised approach	-	-
Capital requirements - risk of adjustment of valuation of credit		**-**	**-**
1. Settlement risk	Traditional standardised approach	3	2
Capital requirements - settlement risk		**3**	**2**
1. Advanced measurement approach	Advanced measurement approach	56,139	64,912
Capital requirements operational risk		**56,139**	**64,912**
Supplement for Basel I floor		**-**	**121,104**
Reduction for banks belonging to a Banking Group *		**-**	**(68,816)**
Total capital requirements		**139,008**	**206,448**

(Amounts in € thousand)

* The 25% reduction in capital requirements granted to banks belonging to a banking group was cancelled by Regulation (EU) 575/2013 as of January 1, 2014.

PART H – RELATED-PARTY TRANSACTIONS

Information on the fees paid to key management personnel and on related-party transactions, according to IAS 24, are shown below.

1. Details of Top Managers' Compensation

Key management personnel are persons having authority and responsibility for planning, directing, and controlling FinecoBank's activities, directly or indirectly. This category includes Board members and members of the Board of Statutory Auditors, pursuant to requirements of the Bank of Italy Circular no. 262 of December 22, 2005 as amended, as well as the Managing Director, the Deputy General Manager/GBS Manager, the Chief Financial Officer, the PFA Network Commercial Manager, the Direct Bank Manager and the Investment & Wealth Management Services Manager[6].

	Total 06.30.2014	*Total 06.30.2013*
Fees paid to "Key Management Personnel", Directors and the Board of Statutory Auditors		
a) short-term benefits	2,049	947
b) post-employment benefits	105	52
of which under defined benefit plans	-	-
of which under defined contribution plans	*105*	*52*
c) other long-term employee benefits	6	-
d) termination benefits	-	-
e) share-based payments	293	178
TOTAL	**2,453**	**1,177**

(Amounts in € thousand)

2. Related-party transactions

With regard to related-party transactions, in the first half of 2014:

1. two non-standard transactions were carried out with related parties/associated persons, based on the approval of the Board of Directors on March 27, 2014, and specifically:
    - a material transaction, concerning the change in the liquidity investment policy of FinecoBank with the Parent Company UniCredit S.p.A.;

    and

    - a minor transaction, concerning the appointment of MedioBanca S.p.A. as sponsor for the admission to listing of the ordinary shares of the Bank.

    The above transactions were approved by UniCredit's Related-Parties and Equity Investments Committee and by (i) all members of FinecoBank's Audit Committee, the above transaction with Mediobanca and (ii) only by Independent Directors of the Committee, the new liquidity investment policy. The latter transaction was also examined by the Board of Directors of the Parent Company, on a conservative basis, given that at present, due to 100% control, inter-group transactions would be excluded from the above decision-making procedures;

[6]As at June 30, 2013, the key managers of the Bank comprised Board members, members of the Board of Statutory Auditors and the Managing Director. As at June 30, 2014, key managers of the Bank also include the Deputy General Manager/GBS Manager, the Chief Financial Officer, the PFA Network Commercial Manager, the Direct Bank Manager and the Investment & Wealth Management Services Manager, as they were identified as key managers by the Board of Directors on March 27, 2014.

2. three transactions were carried out with related parties/associated persons, based on the approval of the Board of Directors on April 15, 2014, and specifically:
   - a minor, non-standard transaction was carried out at market conditions with UniCredit Bank AG concerning the appointment of the mentioned bank as Joint Global Coordinator and Joint Bookrunner in the placement of the Company's shares for the purpose of the Listing; the fees due to the Syndicate were paid by the selling Shareholder;
   - a minor, non-standard transaction was carried out at market conditions with Mediobanca concerning the appointment of the mentioned bank as Joint Bookrunner in the placement of the Company's shares for the purpose of the Listing; the fees due to the Syndicate were paid by the selling Shareholder;

   and
   - a minor, non-standard transaction, was carried out with UniCredit at non-market conditions, being free of charge, concerning the signing of an agreement acknowledging the licence contract of the "Fineco" trademark;

3. based on the approval of the Board of Directors on June 27, 2014, and the prior favourable opinion of the Audit and Related Parties Committee, a transaction consisting in a "Framework Resolution - Repo transactions with institutional clients, term deposits from retail customers and related use of liquidity", which will be valid until October 31, 2014, supplemented by the quantitative limits set by the Board of Directors on July 15, 2014. The Audit and Related Parties Committee of FinecoBank expressed a favourable opinion on the above transaction.

During the first half of 2014, inter-group transactions and transactions with related parties in general, both Italian and foreign, were conducted within the ordinary course of business and related financial activities of the Bank,
and were carried out under conditions similar to those applied to transactions with unrelated third parties. Intra-group transactions were carried out based on assessments of a mutual economic advantage, and the determination of applicable terms and conditions took place in compliance with the criteria of substantial correctness, keeping in mind the common goal of creating value for the entire UniCredit group. The same principle was also applied in relation to the provision of intra-group services, combined with the principle of regulate such services at minimal rate solely to recover related production costs.

Lastly, with regard to transactions of significant financial and economic relevance, during 2012, FinecoBank S.p.A. issued 5 bank guarantees in favour of the Italian Revenue Agency upon request by UniCredit, with indefinite duration (specifically of a duration until payment of the underlying sums), for a total amount of €256,065 thousand, plus interest accrued and accruing until request for payment from the Italian Revenue Agency. The bank guarantees were issued to secure the obligations assumed by UniCredit in relation to five VAT refund suspension orders issued by the Italian Revenue Agency and entail the assumption by FinecoBank S.p.A. of an irrevocable payment commitment on demand, within 30 days and without any exceptions. In the previous year, following the settlement of an assessment notice issued by the Regional Department of Liguria, for €4,505 thousand, replaced by another assessment notice issued by the same Department up to the amount settled, a guarantee already issued by FinecoBank S.p.A. was replaced, with amounts unchanged; this transaction did not change the commitments undertaken according to the forms, procedures and risks already assessed during 2012, which did not change in the first half of 2014.

The following table shows the outstanding assets, liabilities, guarantees and commitments as at June 30, 2014 for each group of related parties according to IAS 24:

	Amounts at 06.30.2014			
	Directors and key personnel	Other related parties	Total	% of carrying amount
Financial assets held for trading	-	30	30	0.29%
Loans and receivables with customers	11	6,728	6,739	0.05%
Other assets	-	2,826	2,826	1.24%
Total assets	**11**	**9,584**	**9,595**	**0.06%**
Deposits from banks	-	601	601	0.06%
Deposits from customers	1,259	6,925	8,184	0.06%
Other liabilities	-	417	417	0.16%
Total liabilities	**1,259**	**7,943**	**9,202**	**0.06%**
Guarantees given and commitments	-	-	-	-

(Amounts in € thousand)

The following table sets out the impact of the above transactions with related parties on the main Income Statement items, for each group of related parties.

	Income Statement at 06.30.2014			
	Directors and key personnel	Other related parties	Total	% of carrying amount
Interest income and similar revenues	-	1	1	0.00%
Interest expenses and similar charges	(4)	(8)	(12)	0.04%
Fee and commission revenues	-	14,657	14,657	7.34%
Fee and commission expensess	(1)	(269)	(270)	0.26%
Other administrative expenses	-	(4,042)	(4,042)	3.78%
Other net operating income	4	8	12	0.03%

(Amounts in € thousand)

The category "Directors and key personnel" includes dealings with Directors and key personnel of FinecoBank (excluding their fees, which are discussed in point 1. *Details of Top Managers' Compensation*) and the Parent Company UniCredit, mainly concerning assets for credit card use, liabilities for funds held with the Bank and profits and losses generated from the aforesaid assets and liabilities.

The "other related parties" category includes:

- close family members of key management personnel (i.e. those family members who, as is expected, may influence - or be influenced by - the person in question);
- companies controlled (or jointly controlled) by, or associated with, "key management personnel" or their close family members;
- associates, and their subsidiaries, of the Parent Company UniCredit;
- shareholders, and their subsidiaries, of the Parent Company UniCredit.

Transactions with "Other related parties", mainly refer to:

- assets for credit card use, liabilities for funds held with the Bank or securities lending transactions guaranteed by sums of money;
- assets for current receivables associated with the provision of financial services, mainly referring to fees for the placement of asset management and insurance products principally carried out for Aviva S.p.A., BlackRock (Channel Islands) Limited, CNP UniCredit Vita S.p.A., CreditRas Vita S.p.A. and Pimco Europe Ltd.;

- profits and losses generated from the above assets and liabilities, mainly referring to subscription and management fee and commission income relative to the placement of asset management and insurance products.

The above item "Other related parties" does not include amounts as at June 30, 2014 and the income components accrued in the first half of 2014 relating to the Parent Company UniCredit and the UniCredit group companies, which are presented further below.

TRANSACTIONS WITH THE PARENT COMPANY AND OTHER UNICREDIT GROUP COMPANIES

Total Transactions with UniCredit group companies	*Total 06.30.2014*	*% of carrying amount*
Assets	**13,475,042**	**82.60%**
Financial assets held for trading	39	0.37%
Loans and receivables with banks	13,446,662	99.78%
Loans and receivables with customers	13,315	1.91%
Hedging derivative assets	9,926	100.00%
Other assets	5,100	2.24%
Liabilities	**1,448,626**	**8.88%**
Deposits from banks	995,453	96.94%
Deposits from customers	371	0.00%
Debt securities in issue	421,965	100.00%
Financial liabilities held for trading	23	0.47%
Hedging derivative liabilities	38,580	100.00%
Tax liabilities	(17,629)	-33.28%
Other liabilities	9,863	3.79%
Guarantees	**266,070**	**45.42%**
Guarantees given	266,070	45.42%
Income Statement		
Interest income and similar revenues	130,043	86.86%
Interest expenses and similar charges	(3,311)	9.80%
Fee and commission revenues	43,404	21.73%
Fee and commission expensess	(2,613)	2.54%
Gains (losses) on financial assets and liabilities held for trading	725	5.63%
Fair value adjustments in hedge accounting	(7,158)	n.d.
Gains (losses) from disposal or repurchase	481	n.d.
Administrative costs	(9,504)	6.85%
Other net operating income	125	0.35%

(Amounts in € thousand)

The following table summarizes transactions with UniCredit group companies as at June 30, 2014:

Company	Assets	Liabilities	Guarantees and commitments	Income Statement
Unicredit S.p.A.	13,444,888	1,415,032	266,070	127,233
Unicredit Bank AG	15,770	10,520	-	1,481
Unicredit Bank AG Milano	519	14,899	-	(10,869)
Direktanlage.AT AG	37	979	-	95
Unicredit Credit Management Bank S.p.A.	-	87	-	(50)
Localmind S.p.A.	-	119	-	(2)
Unicredit Luxemburg Finance SA	-	-	-	35
Unicredit Business Integrated Solutions S.C.p.A.	507	3,116	-	(6,621)
Pioneer Investment Management SGR p.A.	1,463	122	-	5,246
Fineco Leasing S.p.A.	-	253	-	277
Dab Bank AG	2	3,474	-	343
Cordusio Società Fiduciaria per Azioni	112	25	-	13
Pioneer Asset Management SA Luxemburg	11,744	-	-	35,011
Total	**13,475,042**	**1,448,626**	**266,070**	**152,192**

(Amounts in € thousand)

The following tables contain a breakdown of the items relating to Assets, Liabilities, Costs and Revenue for each company of the Group.

Transactions with parent companies

Transactions with UniCredit S.p.A.	*Total 06.30.2014*
Assets	**13,444,888**
Loans and receivables with banks	13,430,372
Hedging derivative assets	9,926
Other assets	4,590
Liabilities	**1,415,032**
Deposits from banks	980,504
Debt securities in issue	421,965
Hedging derivative liabilities	23,863
Tax liabilities	(17,629)
Other liabilities	6,329
Guarantees	**266,070**
Guarantees given	266,070
Income Statement	**127,233**
Interest income and similar revenues	130,596
Interest expenses and similar charges	(3,292)
Fee and commission revenues	820
Fee and commission expensess	(2,171)
Fair value adjustments in hedge accounting	3,358
Gains (losses) from disposal or repurchase	481
Administrative costs	(2,569)
Other net operating income	10

(Amounts in € thousand)

Transactions with companies controlled by UniCredit S.p.A.

Transactions with UniCredit Bank AG	*Total 06.30.2014*
Assets	**15,770**
Loans and receivables with banks	15,770
Liabilities	**10,520**
Deposits from banks	10,520
Income Statement	**1,481**
Interest income and similar revenues	199
Interest expenses and similar charges	(12)
Fee and commission revenues	1,294

(Amounts in € thousand)

Transactions with UniCredit Bank AG, Milan	*Total 06.30.2014*
Assets	**519**
Loans and receivables with banks	519
Liabilities	**14,899**
Hedging derivative liabilities	14,716
Other liabilities	183
Income Statement	**(10,869)**
Interest income and similar revenues	(752)
Fee and commission revenues	553
Fee and commission expenses	(3)
Fair value adjustments in hedge accounting	(10,517)
Administrative costs	(150)

(Amounts in € thousand)

Transactions with Direktanlage.AT AG	*Total 06.30.2014*
Assets	**37**
Financial assets held for trading	37
Liabilities	**979**
Deposits from banks	970
Financial liabilities held for trading	9
Income Statement	**95**
Interest expenses and similar charges	(2)
Fee and commission revenues	6
Fee and commission expenses	(49)
Gains (losses) on financial assets and liabilities held for trading	140

(Amounts in € thousand)

Transactions with UniCredit Credit Management Bank S.p.A.	*Total 06.30.2014*
Liabilities	**87**
Other liabilities	87
Income Statement	**(50)**
Administrative costs	(50)

(Amounts in € thousand)

Transactions with Localmind S.p.A. in liquidation	*Total 06.30.2014*
Liabilities	**119**
Deposits from customers	119
Income Statement	**(2)**
Interest expenses and similar charges	(2)

(Amounts in € thousand)

Transactions with UniCredit Luxembourg Finance SA	*Total 06.30.2014*
Income Statement	**35**
Fee and commission revenues	35

(Amounts in € thousand)

Transactions with UniCredit Business Integrated Solutions S.C.p.A.	*Total 06.30.2014*
Assets	**507**
Other assets	507
Liabilities	**3,116**
Other liabilities	3,116
Income Statement	**(6,621)**
Administrative costs	(6,737)
Other net operating income	116

(Amounts in € thousand)

Transactions with Pioneer Investment Management SGR p.A.	*Total 06.30.2014*
Assets	**1,463**
Loans and receivables with customers	1,463
Liabilities	**122**
Other liabilities	122
Income Statement	**5,246**
Fee and commission revenues	5,346
Fee and commission expenses	(100)

(Amounts in € thousand)

Transactions with Fineco Leasing S.p.A.	*Total 06.30.2014*
Liabilities	**253**
Deposits from customers	253
Income Statement	**277**
Interest expenses and similar charges	(1)
Fee and commission revenues	278

(Amounts in € thousand)

Transactions with Dab Bank AG	*Total 06.30.2014*
Assets	**2**
Financial assets held for trading	2
Liabilities	**3,474**
Deposits from banks	3,460
Financial liabilities held for trading	14
Income Statement	**343**
Interest expenses and similar charges	(3)
Fee and commission revenues	32
Fee and commission expenses	(270)
Gains (losses) on financial assets and liabilities held for trading	584

(Amounts in € thousand)

Transactions with Cordusio Società Fiduciaria per Azioni	*Total 06.30.2014*
Assets	**112**
Loans and receivables with customers	109
Other assets	3
Liabilities	**25**
Other liabilities	25
Income Statement	**13**
Fee and commission revenues	31
Fee and commission expenses	(21)
Administrative costs	3

(Amounts in € thousand)

Transactions with Pioneer Asset Management SA Luxembourg	*Total 06.30.2014*
Assets	**11,744**
Loans and receivables with customers	11,744
Income Statement	**35,011**
Fee and commission revenues	35,011

(Amounts in € thousand)

PART I – SHARE-BASED PAYMENTS

A. Qualitative information

1. Description of share-based payments

1.1 Outstanding instruments

Group Medium & Long Term Incentive Plans for employees that will be settled with shares of the Parent Company UniCredit, include the following categories:

- **Stock Options** allocated to selected Top & Senior Managers and Key Talents and consisting of rights to subscribe UniCredit shares.
- **Performance Stock Options & Performance Shares** allocated to selected Top & Senior Managers and Key Talents of the Group and consisting respectively of subscription rights and free UniCredit ordinary shares that the Parent Company undertakes to grant, conditional upon achieving performance targets approved by the Parent Company's Board.
- **Employee Share Ownership Plan (ESOP),** which offers eligible Company employees the possibility to buy UniCredit ordinary shares with the following advantages: granting of free ordinary shares (or the rights to receive them) measured on the basis of the shares purchased by each Participant ("Investment Shares") during the "Enrolment Period". The granting of free ordinary shares is subordinated to vesting conditions (other than market conditions) stated in the Plan Rules.
- **Group Executive Incentive System** that offers eligible Group Executives a variable remuneration for which payment will be made in five years. For the first two years, the beneficiaries receive cash payments, while in the subsequent years they receive payment in cash and shares, in relation to the achievement of individual and Group performance targets set in the Plan Rules.
- **Share Plan For Talent**, offering eligible key talents free UniCredit ordinary shares that the Parent Company undertakes to grant, upon achievement of performance targets set by the Parent Company's Board of Directors.
- **Group Executive Incentive System 2014 (Bonus Pool)**, offering selected Executives and relevant personnel identified on the basis of regulatory requirements, a bonus structure consisting of immediate payments (following performance evaluation) and deferred payments in cash and ordinary UniCredit shares, over a period of 6 years (immediate payment for 1 year and deferred payments for 5 years). This payment structure ensures that bonuses are aligned to shareholders' interests and is subject to malus clauses (which apply in the event that specific profitability, liquidity and capital thresholds are not met both at Group level and at Country/Division level) and clawback clauses (to the extent they are legally applicable) in accordance with the plan rules (both vesting conditions other than market conditions).

In addition to the outstanding instruments described above and replacing the Group Executive Incentive System 2014 (Bonus Pool), on May 15, 2014, the Board of Directors of FinecoBank approved the Regulations for the plans described below, the guidelines of which had already been approved by the Board of Directors on April 15, 2014 with execution conditional upon listing. The regulations were approved by the shareholders' meeting of FinecoBank on June 5, 2014.

In particular, the following plans were approved:

1) *Group Incentive System - "2014 Group Incentive System - SVP and other key personnel with bonus <500k" and "2014 Group Incentive System - EVP and higher levels and other key personnel with bonus> 500k"*
   This is an incentive system for "key personnel", comprising two distinct UniCredit Group short-term plans. These plans (the "Incentive Systems 2014") provide for the payment of cash to the beneficiaries (50% of the accrued bonus) and, limited to beneficiaries who are employees of Fineco, the assignment of free shares of the Bank (the remaining 50%). Under the Incentive Systems 2014, the total variable remuneration to be paid to beneficiaries in 2015 is determined and allocated according to a "bonus pool" approach. The Bank's bonus pool will be determined based upon the performance of the Bank and of the business at UniCredit Group level, in line with UniCredit Group's overall results. More specifically, the bonus pool and, consequently, the bonus granted to beneficiaries may be reduced if UniCredit Group as a whole does not achieve minimum profitability, liquidity and capital targets ("entry condition"), in application of the "solidarity" principles advocated by the Bank of Italy in the field of remuneration and incentives. Within the bonus pool, bonuses will be granted to beneficiaries in relation to the achievement of individual targets - achieved in 2014 - linked to the Bank's strategic plan and related to profitability and sustainability objectives over time (i.e. economic results actually achieved and how they will be achieved). The payment of bonuses will also be linked to the observance of corporate values and of compliance and conduct rules at the individual level. At the end of the reporting period, on the basis of results, the Board of Directors of the Bank will determine the overall bonus pool for beneficiaries - who are employees of the Bank - and will define the exact number of shares to be granted, on the basis of the average price of Fineco shares during the 30 trading days preceding the date of the relevant Board of Directors' meeting. A portion of the individual bonus will be paid to beneficiaries in deferred tranches, spread over a 6 year period (2015-2020), in order for the remuneration to reflect the risks assumed by the Bank and UniCredit Group in the performance of their business over time. During that period, the still unpaid portion of the bonus may be reduced on the basis of minimum profitability, liquidity and capital results (zero factor) simultaneously achieved by the Company and the relevant business at UniCredit Group level, and by UniCredit Group as a whole. Payment of the deferred bonus tranches shall also be subject to verification that the beneficiary is still an employee of the Company or other companies of the UniCredit Group and that it is in compliance with the internal and external regulations in force at the time.

2) *2014 - 2017 Multi-year Plan – Top management"*
   This is a stock granting plan for the top management of the Bank. This plan, whose execution was conditional upon the listing of the Bank, provides for the free assignment of newly issued FinecoBank shares to the beneficiaries. The above shares will be granted to beneficiaries in 4 annual instalments, of which the first on completion of the listing and the subsequent ones in 2015, 2016 and 2017. On those dates, the number of shares actually allocated may decrease if - on the basis of the market value of Fineco shares on those dates - a reduction were necessary to keep the ratio between the variable and fixed part of the remuneration within the limits set by applicable regulations. In order to ensure a more appropriate balance between the short- and long-term variable components of the remuneration, the Board of Directors may reduce the value of the variable remuneration granted under the Top Management Plan to a limit of 1:1 with respect to fixed remuneration. The shares granted as above will vest over a three-year period (in 2017 for the first tranche, and in 2020 for the fourth). Vesting is subject to the following conditions: (i) the beneficiary is still employed by the Bank; (ii) the beneficiary has observed internal and external

regulations in force; (iii) long-term sustainability, in terms of the Bank's profitability and solidity, verified during the vesting period prior to each payment, has been maintained.

3) *"2014 Plan – Key people"*

This is a stock granting plan for executives and employees of the Bank (other than the "Top Management Plan" beneficiaries) who, in the Bank's opinion, can significantly contribute to the Bank's profitability and sustainability ("Key People Plan"), due to their role, skills and potential. This plan provides for the free assignment to the beneficiaries of newly issued FinecoBank shares whose overall number is determined on the basis of the Global Offer and notified to the concerned parties. The shares determined as above will vest in favour of the beneficiaries in 3 annual instalments, of which the first in 2015 and the last in 2017 (vesting period), unless the Board of Directors decides that a longer vesting period applies, limited to beneficiaries who are "key persons" (as defined by the Bank of Italy Regulation concerning incentives and remuneration). Vesting is subject to the following conditions: (i) long-term sustainability, in terms of the Bank's profitability and solidity, verified during the vesting period prior to each payment, has been maintained; (ii) the beneficiary is still employed by the Bank; (iii) the beneficiary has observed internal and external regulations in force.

Shares for the plans referred to in points 1), 2) and 3) will be issued through free capital increases in accordance with Article 2349 of the Italian Civil Code. For the resolutions pertaining to the maximum number of shares that may be assigned under these plans and the related dilutive effect for shareholders resulting from the gratuitous capital increases, please refer to Part A.1 - Section 3 - Subsequent Events of these Notes.

4) *"2014 Plan - PFA"*

This is a stock granting plan for financial advisors in the Bank's network, with the exception of financial advisors who are beneficiaries of network entry incentives during 2014 ("PFA Plan 2014"). Under the plan, beneficiaries will receive FinecoBank ordinary shares whose total number will be determined on the basis of the average market price of FinecoBank shares during the 30 trading days preceding the share allocation to the beneficiaries. This assignment (and consequent notice to beneficiaries of the number of shares set) will take place in March 2015, following approval of the 2014 draft financial statements, and is subject to the Bank's entire network of financial advisors meeting their net sales targets in 2014. In any case, failure by the Bank's entire network of financial advisors to meet the pre-defined net sales target shall not preclude the assignment of the benefit; in this case, the amount to be paid in shares is set according to decreasing parameters in line with the deviation from the target. The number of shares allocated to each beneficiary shall be determined on the basis of: (i) the size of the portfolio (calculated taking into account its various components) held by the beneficiary (if the beneficiaries are the financial advisors) or by the financial advisors who are part of the network section coordinated by a single manager (if the beneficiaries are the network managers) at the end of the reporting period; and (ii) the level of performance, in percentage terms, with respect to the achievement of quantitative and qualitative targets respectively of the beneficiary (if the beneficiaries are the financial advisors) or of the financial advisors who are part of the network section coordinated by a single manager (if the beneficiaries are the network managers) for the reporting period. The said shares will vest in favour of the beneficiaries in 3 annual instalments, of which the first in 2015 and the last in 2017 (vesting period), unless the Board of Directors decides that a longer vesting period applies, limited to beneficiaries who are "key persons" of the network (as defined by the Bank Italy Regulation concerning incentives and remuneration), where provided by the applicable regulatory provisions. Vesting is subject to the following conditions: (i) long-term sustainability, in terms of the Bank's profitability and solidity, verified during the vesting period prior to each payment, has been maintained; (ii) the beneficiary is still acting as agent for the Bank; (iii) the beneficiary has observed internal and external regulations in force. The maximum value of shares to be allocated under the 2014 PFA Plan is €14,953,000.

5) *"2015 - 2017 Plan - PFA"*

This is a stock granting plan for financial advisors of the Bank's network, including – as of January 1 of the year after the one in which entry incentives have expired – financial advisors who received network entry incentives over the 2015 - 2017 period ("2015-2017 Plan -PFA"). Under the plan, beneficiaries shall receive ordinary shares of the Bank, in proportion to the period of their participation in the plan, the total number of which shall be determined on the basis of the average market price of Fineco shares during the 30 trading days preceding the share allocation to the beneficiaries. This assignment (and consequent notice to beneficiaries of the number of shares set) will take place in March 2018, following approval of the 2017 draft financial statements, and is subject to the Bank's entire network of financial advisors meeting a cumulative net sales target for the three-year period 2015-2017. In any case, failure by the Bank's entire network of financial advisors to meet the pre-defined net sales target shall not preclude the assignment of the benefit; in this case, the plan provides for the assignment of a decreasing number of shares in line with the deviation from the target. The number of shares that will be allocated to each beneficiary shall be determined on the basis of: (i) the size of the portfolio (calculated taking into account its various components) held by the beneficiary (if the beneficiaries are the financial advisors) or by the financial advisors who are part of the network section coordinated by a single manager (if the beneficiaries are the network managers); and (ii) the level of performance, in percentage terms, with respect to the achievement of quantitative and qualitative targets respectively of the beneficiary (if the beneficiaries are the financial advisors) or of the financial advisors who are part of the network section coordinated by a single manager (if the beneficiaries are the network managers). These individual targets are defined for each year of the reference period and for the three years cumulatively. In any case, the benefit that will be paid to each beneficiary will be such that, where required by applicable law, the ratio between the recurring and the non-recurring part of the remuneration laid down by the applicable law is respected in each of the years in question. To this end, the Bank will send each of the plan's beneficiaries a communication for the achievement of the annual target and the cumulative target in relation to any previous years. Failure to meet the annual target does not prevent the beneficiary from receiving the bonus, provided that he/she reaches the three-year target. The shares will vest in favour of and be assigned to the beneficiaries in 3 annual instalments, of which the first in 2018 and the last in 2020 (vesting period), unless the Board of Directors decides that a longer vesting period applies, limited to beneficiaries who are "key persons" of the network (as defined by the Bank Italy Regulation concerning incentives and remuneration), where provided by the applicable regulatory provisions. Vesting is subject to the following conditions: (i) long-term sustainability, in terms of the Bank's profitability and solidity, verified during the vesting period prior to each payment, has been maintained; (ii) the beneficiary is still acting as agent for the Bank; (iii) the beneficiary has observed internal and external regulations in force. The maximum value of shares to be allocated under the 2015-2017 PFA Plan is €19,969,000.

Shares to be allocated under the plans referred to in points 4) and 5) will be purchased by the Bank on the market on the basis of an authorization by the Shareholders' Meeting pursuant to Article 2357 of the Italian Civil Code.

1.2 Measurement model

1.2.1 Stock Options and Performance Stock Options

The Hull and White Evaluation Model has been adopted to measure the economic value of Stock Options and Performance Stock Options.

This model is based on a trinomial tree price distribution using the Boyle's algorithm and estimates the early exercise probability on the basis of a deterministic model connected to:

- reaching a Market Share Value equal to an exercise price-multiple (M);
- probability of beneficiaries' early exit (E) after the end of the Vesting Period.

No new Performance Stock Option Plans were granted during 2014.

1.2.2 Other equity instruments - Share Plan for Talent

The plan offers free UniCredit ordinary shares, granted in three instalments, each with annual vesting, to selected beneficiaries.

The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends during the performance period. Parameters are estimated by applying the same model used for Stock Options measurement.

No new Performance Shares' Plans were granted during 2014.

1.2.3 Group Executive Incentive System

The amount of the incentive will be determined on a basis of the achievement of quantitative and qualitative goals stated by the plan. In particular, the overall evaluation is expressed as a percentage, from a minimum of 0% to a maximum of 150% (non market vesting conditions). This percentage, adjusted by the application of a risk/opportunity factor – Group Gate – at first payment, multiplied by the incentive will determine the effective amount that will be paid to the beneficiary. The Group Gate applies to all payments under the Group Incentive System 2013 for Executive Vice Presidents (EVP).

The balance-sheet and income statement effects are spread according to the term of the Plans.

Group Executive Incentive System 2013 - Shares

The economic value of shares granted is measured considering the share market price at the grant date less the present value of the future dividends during the performance period.

	Shares granted Group Executive Incentive System 2013		
	First instalment (2016)	Second instalment (2017)	Third instalment[7] (2018)
Bonus Opportunity Economic Value - (Grant Date)	01.29.2013	01.29.2013	01.29.2013
Number of Shares - Date of Board resolution	03.11. 2014	03.11. 2014	03.11. 2014
Vesting Period Start Date	01.01.2013	01.01.2013	01.01.2013
Vesting Period End Date	12.31.2015	12.31.2016	12.31.2017
UniCredit Share Market Price [€]	5.862	5.862	5.862
Average Economic Value of Vesting conditions [€]	-0.200	-0.299	-0.427
Performance Shares Fair Value per unit at Grant Date [€]	5.662	5.563	5.435

Group Executive Incentive System 2014 (Bonus Pool)

The new incentive system 2014 is based on a bonus pool approach, in line with regulatory requirements and market practices; this approach sets out:

- the system's sustainability, by linking it directly to business results and aligning it to relevant risk categories through specific indicators that reflect the risk appetite framework;
- the link between the bonus and our organizational structure, the bonus pool being defined at Country/Division level and further consolidated at Group level;
- the allocation of bonuses to beneficiaries identified as Executives and other key personnel on the basis of criteria laid down in the Regulation of the European Banking Association, and to other specific roles, based on local regulatory requirements;
- a payment structure that spans a period of 6 years (immediate payment for 1 year plus 5 deferred years) with immediate and deferred payments in cash and shares, fully aligned with the latest regulatory requirements.

The profit and loss and net equity effects will be recognized on the basis of the instruments' vesting period.

1.2.4 Employee Share Ownership Plan (Piano Let's Share 2014)

The following table shows the parameters used in relation to the Free Shares (or rights to receive them) associated with the "Employee Share Ownership Plan" approved in 2013 (ESOP 2014).

Measurement of Free Shares ESOP 2014

	Free Shares First instalment	Free Shares Second instalment
Date of granting of Free Shares to Group employees	02.05.2014	To be defined
Vesting Period Start Date	01.01.2014	07.31.2014
Vesting Period End Date	01.01.2015	07.31.2015
Free Shares Fair Value per unit [€]	5.774	To be defined

[7] Only for Plans assigned to the Executive Vice Presidents

All the income statement and balance-sheet effects of the plan, relating to the Free Shares granted are recognized during the vesting period (except for the adjustments which, in line with the plan rules, are recorded at the first closing after the vesting period).

B. Quantitative information

Effects on Profit and Loss

Stock granting plans involving shares of the Bank, and whose execution is subject to the outcome of the Public Offering and admission to listing on the MTA market - Borsa Italiana of FinecoBank ordinary shares, will show their balance-sheet and income statement effects during the vesting period, as of the 2nd half of 2014.

The income statement and balance-sheet effects of share-based incentive systems of the Parent Company UniCredit are shown below.

Financial statement presentation related to share-based payments

	06.30.2014		*06.30.2013*	
	Total	*Vested Plans*	*Total*	*Vested Plans*
Costs	386		571	
- connected to Equity Settled Plans	*386*		*571*	
Debts paid to UniCredit S.p.A. for vested plans [1]		-		
Debts due to UniCredit S.p.A.[1]	1,889		1,610	

(Amounts in € thousand)

[1]Amount equal to the economic value accrued for services rendered by employees that are the beneficiaries of the plans that grant UniCredit shares.

PART L – SEGMENT REPORTING

The Bank does not provide segment reporting information as its business model provides for a high level of integration among its different activities. FinecoBank offers its services (banking and investment services) through a network of financial advisors and online and mobile channels, that operate in a coordinated and integrated manner. The fully-comprehensive nature of the services offered allows the Bank to act as a one-stop solution for customers' banking and investment requirements.

This strategy, which is strongly anchored to the customer, means that revenues and margins relative to various products/services (investing, banking and brokerage) are highly interdependent on each other.

This integration approach has also inspired top management in setting company targets and identifying the means to achieve them.

As regards information on revenues from customers by product/service, in view of the above, reference should be made to information in Part C - Information on the income statement of these notes.

FinecoBank mainly targets retail customers in Italy; information concerning geographic segments and the degree of dependency on main customers is therefore considered by top management as not being of material importance for information purposes, and is not therefore disclosed.

Condensed half-year financial statements certification pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended

Condensed half-year financial statements certification pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999, as amended

1. The undersigned, Alessandro Foti, as Managing Director of FinecoBank S.p.A., and Lorena Pelliciari, as Nominated Official in charge of drawing up the Company Accounts of FinecoBank S.p.A, taking into account the provisions of Article 154-bis, par. 3 and 4 of Legislative Decree 58 of February 24, 1998, do hereby certify:

• the adequacy in relation to the Company's features and

• the actual application

of the administrative and accounting procedures for drawing up the condensed half-year financial statements, in the first half of 2014.

2. The adequacy of the administrative and accounting procedures employed to draw up the condensed half-year financial statements has been evaluated by applying a model defined within the UniCredit Group, in accordance with the "Internal Controls - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)]", which are international commonly accepted standards for the internal control system and for financial reporting.

3. The undersigned also certify that:

3.1 The condensed half-year financial statements:

a) were prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to European Parliament and Council Regulation 1606/2002 of July 19, 2002;

b) correspond to the results of the books and accounting records;

c) are suitable to provide an accurate representation of the financial position and performance of the issuer;

3.2 the Interim Report on Operations includes a reliable analysis of the most significant events in the first six months of the financial year and their impact on the condensed half-year financial statements, together with a description of the main risks and uncertainties concerning the remaining six months of the year. The Interim Report on Operations also contains a reliable analysis of information on significant related-party transactions.

Milan – August 1, 2014

Alessandro Foti

Lorena Pelliciari