FINECO
THE NEW BANK

FIRST HALF FINANCIAL REPORT AS AT JUNE 30, 2015

SIMPLE AND TRASPARENT

FINECO. THE BANK THAT SEMPLIFIES BANKING.

Member of UniCredit

FinecoBank S.p.A.

First Half Financial Report

as at June 30, 2015

Contents

Registered office
20131 Milan - Piazza Durante, 11

"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 UniCredit, 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, BOARD OF STATUTORY AUDITORS AND EXTERNAL AUDITORS

Board of Directors

Chairman	Enrico Cotta Ramusino
Vice Chairman	Francesco Saita
Chief Executive Officer and General Manager	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

INTRODUCTION TO THE FIRST HALF FINANCIAL REPORT

This First Half Financial Report as at June 30, 2015 of FinecoBank Banca Fineco S.p.A. (hereinafter, FinecoBank) 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**, prepared in accordance with the recognition and measurement criteria set out in the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and approved by the European Commission and, in particular, in compliance with the international accounting standard applicable to interim reporting - IAS 34; these financial statements are presented with a comparison to those of 2014: as envisaged by IAS 34, the balance sheet figures have been compared with those as at December 31, 2014, while the income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement 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, reported using the same tables as in the financial statements, the additional information required by Consob and that deemed useful to providing a true representation of the company situation.

It is accompanied by:

- 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 disclosures required by Consob;
- the **certification of the condensed half-year financial statements** pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments.

It should be noted that Bank of Italy has revised the criteria to be applied as of January 1, 2015 for classifying impaired financial assets (see 7th update of Circular no. 272 of July 30, 2008 - "Matrix of accounts" issued by the Bank of Italy on 20 January 2015), in order to align them to the new definitions of Non-Performing Exposures and Forbearance introduced by the European Banking Authority in the "Final Draft Implementing Technical Standards on Supervisory reporting on forbearance and not -performing exposures" (EBA/ITS /2013/03/rev1 July 24, 2014). The main novelties are the elimination of the "Doubtful Loans" and "Restructured Loans" categories, and the introduction of the new "Unlikely to pay" category and of the "Forbearance" concept, which cuts through all receivables categories, both performing and impaired.
Consequently, for the purposes of like-for-like comparison, the corresponding figures relating to the previous year have been restated.

It should also be noted that, starting from January 1, 2015 the condensed accounts used in the interim report on operations were modified; specifically, "Adjustments of leasehold improvements" were attributed to the item "Other administrative expenses" (whilst previously they were attributed to the item "Net other expenses/income"), and "Net value adjustments for the impairment of other financial assets" pertaining to "ex-post" contributions to the Interbank Fund for the Protection of Deposits were attributed to the item "Provisions for risks and charges" (previously, they had been attributed to the item "Net write-downs of loans and provisions for guarantees and commitments"). For greater detail, see the "Reconciliation of condensed accounts to mandatory reporting schedule" Annexed to this document.

Finally, please note that European Directive no. 49/2014 relating to the deposit guarantee systems, which is due to be transposed into national law in 2015, introduces significant changes to the previously existing national guarantee funds. As a matter of fact, the new directive – within a framework of substantial legal, organisational and operational continuity – requires the adoption of an "ex ante" contribution mechanism, aimed at establishing a target amount of funds by 2024. The previous guarantee schemes that have operated so far according to an "ex post" system (i.e., involving the payment of contributions to fund individual actions taken in relation to depositors of a bank in difficulty) will therefore be required to adopt an ex-ante funding scheme. These include the National Interbank Deposit Guarantee Fund of which the Bank is a member. In the first half of 2015 no costs were recorded with respect to the above-mentioned Directive, since it had not yet been transposed into national law.

In addition, European Directive no. 59/2014 on recovery and resolution of credit institutions, has introduced a requirement for credit institutions to make payments in order to establish the European Single Resolution Fund, with the aim of establishing a target amount of funds by 2024. The costs recorded during the half year, shown in the item “Other administrative expenses”, totalled €3 million, because Directive 59 had already be substantially transposed in Italy. The amount recorded corresponds to the estimated annual cost due for 2015 (subject to refinements related to the definition by the competent Authorities of the detailed criteria for the calculation of the contributions).

Interim Report on Operations

SUMMARY DATA

Condensed Accounts

Balance Sheet

ASSETS	Amounts as at 06.30.2015	Amounts as at 12.31.2014	Changes Amount	Changes %
Cash and cash balances	6	5	1	20.0%
Financial assets held for trading	5,463	3,054	2,409	78.9%
Loans and receivables with banks	14,582,941	13,892,197	690,744	5.0%
Loans and receivables with customers	835,823	695,594	140,229	20.2%
Financial investments	2,238,746	1,695,555	543,191	32.0%
Hedging instruments	39,579	24,274	15,305	63.1%
Property, plant and equipment	11,163	10,892	271	2.5%
Goodwill	89,602	89,602	-	-
Other intangible assets	8,030	8,142	(112)	-1.4%
Tax assets	14,629	18,550	(3,921)	-21.1%
Other assets	225,475	326,756	(101,281)	-31.0%
Total assets	**18,051,457**	**16,764,621**	**1,286,836**	**7.7%**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at 06.30.2015	Amounts as at 12.31.2014	Changes Amount	Changes %
Deposits from banks	1,436,173	1,428,568	7,605	0.5%
Deposits from customers	15,256,498	13,914,712	1,341,786	9.6%
Debt securities in issue	400,000	424,710	(24,710)	-5.8%
Financial liabilities held for trading	5,386	3,135	2,251	71.8%
Hedging instruments	59,668	46,220	13,448	29.1%
Provisions for risks and charges	104,947	118,031	(13,084)	-11.1%
Tax liabilities	30,288	33,358	(3,070)	-9.2%
Other liabilities	227,285	243,633	(16,348)	-6.7%
Shareholders' Equity	531,212	552,254	(21,042)	-3.8%
- capital and reserves	*437,198*	*400,085*	*37,113*	*9.3%*
- revaluation reserves (available-for-sale financial assets and for actuarial gains (losses) for defined benefits plans)	*310*	*2,262*	*(1,952)*	*-86.3%*
- net profit (loss)	*93,704*	*149,907*	*(56,203)*	*-37.5%*
Total liabilities and shareholders' equity	**18,051,457**	**16,764,621**	**1,286,836**	**7.7%**

(Amounts in € thousand)

Balance Sheet - Quarterly data

ASSETS	Amounts as at 06.30.2015	03.31.2015	12.31.2014	09.30.2014	06.30.2014
Cash and cash balances	6	10	5	9	14
Financial assets held for trading	5,463	5,609	3,054	4,708	10,407
Loans and receivables with banks	14,582,941	14,070,077	13,892,197	13,612,912	13,476,117
Loans and receivables with customers	835,823	796,879	695,594	700,208	696,142
Financial investments	2,238,746	2,264,284	1,695,555	1,716,878	1,715,320
Hedging instruments	39,579	24,508	24,274	23,494	35,637
Property, plant and equipment	11,163	11,161	10,892	10,901	11,391
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	8,030	7,989	8,142	8,100	7,915
Tax assets	14,629	13,414	18,550	17,164	20,072
Other assets	225,475	215,368	326,756	227,200	227,865
Total assets	**18,051,457**	**17,498,901**	**16,764,621**	**16,411,176**	**16,290,482**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at 06.30.2015	03.31.2015	12.31.2014	09.30.2014	06.30.2014
Deposits from banks	1,436,173	1,466,357	1,428,568	1,282,386	1,026,852
Deposits from customers	15,256,498	14,603,456	13,914,712	13,741,345	13,911,224
Debt securities in issue	400,000	427,884	424,710	423,842	421,965
Financial liabilities held for trading	5,386	4,557	3,135	4,647	4,867
Hedging instruments	59,668	46,933	46,220	45,195	48,960
Provisions for risks and charges	104,947	114,680	118,031	104,876	106,574
Tax liabilities	30,288	55,688	33,358	47,999	30,156
Other liabilities	227,285	169,052	243,633	246,862	268,182
Shareholders' Equity	531,212	610,294	552,254	514,024	471,702
- capital and reserves	*437,198*	*554,027*	*400,085*	*396,179*	*392,928*
- revaluation reserves (available-for-sale financial assets and for actuarial gains (losses) for defined benefits plans)	*310*	*8,485*	*2,262*	*8,581*	*4,912*
- net profit (loss)	*93,704*	*47,782*	*149,907*	*109,264*	*73,862*
Total liabilities and shareholders' equity	**18,051,457**	**17,498,901**	**16,764,621**	**16,411,176**	**16,290,482**

(Amounts in € thousand)

Income Statement

	1st Half		Changes	
	2015	2014	Amount	%
Net interest	118,104	115,940	2,164	1.9%
Net fee and commission income	124,629	97,029	27,600	28.4%
Net trading, hedging and fair value income	28,073	12,889	15,184	117.8%
Net other expenses/income	(3,089)	1	(3,090)	n.c.
OPERATING INCOME	**267,717**	**225,859**	**41,858**	**18.5%**
Payroll costs	(37,182)	(31,835)	(5,347)	16.8%
Other administrative expenses	(120,535)	(108,564)	(11,971)	11.0%
Recovery of expenses	42,388	37,542	4,846	12.9%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(4,190)	(3,942)	(248)	6.3%
Operating costs	**(119,519)**	**(106,799)**	**(12,720)**	**11.9%**
OPERATING PROFIT (LOSS)	**148,198**	**119,060**	**29,138**	**24.5%**
Net impairment losses on provisions for guarantees and commitments	(2,694)	(1,291)	(1,403)	108.7%
NET OPERATING PROFIT (LOSS)	**145,504**	**117,769**	**27,735**	**23.6%**
Provisions for risks and charges	(3,929)	(2,951)	(978)	33.1%
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**141,575**	**114,818**	**26,757**	**23.3%**
Income tax for the period	(47,871)	(40,956)	(6,915)	16.9%
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**93,704**	**73,862**	**19,842**	**26.9%**
NET PROFIT (LOSS) FOR THE PERIOD	**93,704**	**73,862**	**19,842**	**26.9%**

(Amounts in € thousand)

Income statement - Quarterly data

	2015	
	Q2	Q1
Net interest	60,518	57,586
Net fee and commission income	62,948	61,681
Net trading, hedging and fair value income	11,014	17,059
Net other expenses/income	(3,447)	358
OPERATING INCOME	**131,033**	**136,684**
Payroll costs	(18,797)	(18,385)
Other administrative expenses	(60,134)	(60,401)
Recovery of expenses	21,376	21,012
Amortisation, depreciation and impairment losses on intangible and tangible assets	(2,163)	(2,027)
Operating costs	**(59,718)**	**(59,801)**
OPERATING PROFIT (LOSS)	**71,315**	**76,883**
Net impairment losses on provisions for guarantees and commitments	(1,111)	(1,583)
NET OPERATING PROFIT (LOSS)	**70,204**	**75,300**
Provisions for risks and charges	(814)	(3,115)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**69,390**	**72,185**
Income tax for the period	(23,468)	(24,403)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**45,922**	**47,782**
NET PROFIT (LOSS) FOR THE PERIOD	**45,922**	**47,782**

(Amounts in € thousand)

	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Net interest	55,875	56,432	57,607	58,333
Net fee and commission income	52,884	45,831	49,311	47,718
Net trading, hedging and fair value income	10,331	6,522	5,810	7,079
Net other expenses/income	(1,289)	(1,302)	42	(41)
OPERATING INCOME	**117,801**	**107,483**	**112,770**	**113,089**
Payroll costs	(19,283)	(18,033)	(16,065)	(15,770)
Other administrative expenses	(52,311)	(50,443)	(55,829)	(52,735)
Recovery of expenses	20,420	19,208	18,735	18,807
Amortisation, depreciation and impairment losses on intangible and tangible assets	(2,634)	(2,233)	(2,037)	(1,905)
Operating costs	**(53,808)**	**(51,501)**	**(55,196)**	**(51,603)**
OPERATING PROFIT (LOSS)	**63,993**	**55,982**	**57,574**	**61,486**
Net impairment losses on loans and provisions for guarantees and commitments	(1,204)	(685)	(826)	(465)
NET OPERATING PROFIT (LOSS)	**62,789**	**55,297**	**56,748**	**61,021**
Provisions for risks and charges	(2,493)	(677)	422	(3,373)
Net income from investments	-	(4)	-	-
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**60,296**	**54,616**	**57,170**	**57,648**
Income tax for the period	(19,653)	(19,214)	(20,234)	(20,722)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**40,643**	**35,402**	**36,936**	**36,926**
NET PROFIT (LOSS) FOR THE PERIOD	**40,643**	**35,402**	**36,936**	**36,926**

(Amounts in € thousand)

Main balance sheet figures

	Amounts as at 06.30.2015	Amounts as at 12.31.2014	Changes Amount	Changes %
Loan receivables with ordinary customers (1)	524,068	478,752	45,316	9.5%
Total assets	18,051,457	16,764,621	1,286,836	7.7%
Customer direct sales (2)	15,016,271	13,753,719	1,262,552	9.2%
Customer indirect sales (3)	38,782,021	35,587,446	3,194,575	9.0%
Total customer sales (direct and indirect)	53,798,292	49,341,165	4,457,127	9.0%
Shareholders' equity	531,212	552,254	(21,042)	-3.8%

(Amounts in € thousand)

(1) Loan receivables with ordinary customers refer solely to loans granted to customers (current account overdrafts, credit cards, personal loans and unsecured 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

	Figures as at 06.30.2015	12.31.2014	06.30.2014
No. of Employees	1,039	1,008	975
No. of Human Resources (1)	1,046	1,022	989
No. of Financial Advisors	2,593	2,533	2,500
No. of Operating financial outlets (2)	332	325	320

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

Profitability, productivity and efficiency ratios

	Figures as at 06.30.2015	12.31.2014	06.30.2014
Net interest/Operating income	44.12%	50.59%	51.33%
Income from brokerage and other income/Operating income	55.88%	49.41%	48.67%
Income from brokerage and other income/Operating costs	125.18%	105.09%	102.92%
Cost/income ratio	44.64%	47.02%	47.29%
Operating costs/TFA	0.46%	0.46%	0.47%
Cost of risk	59 bp	71 bp	62 bp
ROE	42.63%	36.49%	36.58%
Return on assets	1.04%	0.89%	0.91%
EVA	81,402	128,379	63,039
RARORAC	56.97%	57.77%	56.43%
ROAC	65.58%	67.46%	66.12%
Total customer sales/Average employees	52,029	49,391	48,037
Total customer sales/(Average employees + average PFAs)	14,956	14,160	13,674

(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). 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. Operating costs as at June 30, 2015 and June 30, 2014 have been annualised.

Cost of risk: the ratio of net write-downs of loans and provisions for guarantees and commitments to the average of loan receivables with ordinary customers. Average loan receivables with ordinary customers were calculated as the average between the period-end balance and the balance as at the previous December 31. Net write-downs of loans and provisions for guarantees and commitments as at June 30, 2015 and June 30, 2014 have been annualised.
Net write-downs of loans and provisions for guarantees and commitments as at June 30, 2015 are net of adjustments made to exposures to customers who made a loss on leveraged Forex positions due to the extraordinary drop in the value of Euro versus the Swiss Franc recorded on January 15, 2015, equal to €1.2 million.

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 (loss) for the period as at June 30, 2015 and June 30, 2014 was annualised.

Return on assets: ratio of profit (loss) after tax to total assets. The net profit (loss) for the period as at June 30, 2015 and June 30, 2014 was annualised.
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.

For the calculation of EVA, RARORAC and ROAC indicators as at June 30, 2015, internal capital is that as at March 31, 2015, the latest available provided by the Parent Company.

Balance Sheet indicators

	Figures as at	
	06.30.2015	*12.31.2014*
Loan receivables with ordinary customers/Total assets	2.90%	2.86%
Loans and receivables with banks/Total assets	80.79%	82.87%
Financial assets/Total assets	12.43%	10.13%
Direct Sales/Total liabilities and shareholders' equity	83.19%	82.04%
Debt securities in issue/Total liabilities and shareholders' equity	2.22%	2.53%
Shareholders' equity (including profit)/Total liabilities and Shareholders' equity	2.94%	3.29%
Loans and receivables with ordinary customers/Customer direct sales	3.49%	3.48%

	Figures as at	
Credit quality	*06.30.2015*	*12.31.2014*
Impaired loans/Loan receivables with ordinary customers	1.43%	0.89%
Non-performing loans/Loan receivables with ordinary customers	0.64%	0.66%
Coverage (1) - Non-performing loans	81.96%	84.08%
Coverage (1) - Unlikely to pay	66.20%	67.20%
Coverage (1) - Past-due impaired loans	31.97%	49.14%
Coverage (1) - Total impaired loans	70.38%	81.07%

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

Own funds and capital ratios

	Figures as at	
	06.30.2015	*12.31.2014*
Total own funds (€ thousand)	379,806	353,133
Total risk-weighted assets (€ thousand)	1,826,493	1,850,331
Common Equity Tier 1 Capital Ratio	20.79%	19.08%
Tier 1 Capital Ratio	20.79%	19.08%
Total Own Funds Capital Ratio	20.79%	19.08%

	Figures as at 06.30.15	
	With intercompany exposures	*'ithout intercompany exposures**
Tier 1 Equity	379,806	379,806
Exposure for leverage ratio	18,963,186	4,068,612
Financial leverage ratio	2.00%	9.34%

* Does not include intercompany exposures eligible for treatment pursuant to Article 113.6 of the CRR 575/2013, in accordance with Article 429. 7 of the EU Delegated Regulation 2015/62.

Own funds and capital ratios were determined applying the current Supervisory Regulations, in line with Basel III standards. The leverage ratio was calculated in accordance with EU Delegated Regulation 2015/62 of October 10, 2014. Note that pending authorisation not to include in the exposure measure the exposures that can benefit from the treatment laid down in Article 113, paragraph 6 of CRR 575/2013 as set out in Article 429, paragraph 7 of EU

Delegated Regulation 2015/62, the Bank has published two versions of the ratio - with and without intercompany exposures.

FINECOBANK SHARES

Share information

The FinecoBank share has seen steady growth in 2015, rising by over 40% since the beginning of the year. Share performance was also positive during Q2, despite more volatile European markets and, specifically, on the markets of peripheral countries. On April 13 the share reached €7.170, a record high since its listing (€3.7). At June 30, 2015 the share price was €6.645, up compared to €4.668 recorded at the end of 2014.

Average volumes traded increased by 11.3% over the second quarter.

The company's market capitalisation amounted to €4,030 million as at June 30 (€2,830 million at the end of 2014).

Furthermore, the Shareholders' Meeting of April 23, 2015 approved payment of a dividend per share of €0.20, paid on April 29, 2015.

	H1 2015	*FY 2014*
Share price (€)		
- maximum	7.170	4.750
- minimum	4.438	3.808
- average	6.058	4.168
- end of period	6.645	4.668
Number of outstanding shares (million)		
- at end of period	606.5	606.3

BUSINESS PERFORMANCE AND MAIN INITIATIVES IN THE PERIOD

FinecoBank is UniCredit Group's direct multichannel bank, which, with over 1 million customers, can look back on a historic result that confirms the efficiency and soundness of a business model capable of securing the trust and complete satisfaction of customers and creating value for its shareholders. Since the beginning of the year, 60,000 new customers have been acquired, up by 11% compared to the same period of the previous year, bringing the total number of customers at the end of June to 1,009,138.

Since the beginning of 2015, FinecoBank recorded total net sales of €2,831 million, up 41% compared to the same period in 2014, of which €1,723 million for assets under management. Net sales through the PFA network, too, recorded a 46% increase, and came in at €2,582 million.

Total direct and indirect sales, amounting to €53,798 million at the end of June 2015, increased by 9% compared to the end of December 2014.

The first half of 2015 ended with the best sales ever recorded, a fact that confirms both FinecoBank's ability to grow organically and savers' increasing appetite for the careful and sophisticated management of their savings. This is a trend that FinecoBank is capitalising on, and intends to continue to do so also in future years, particularly by providing the qualified advisory services that families require.

The Bank's offering is split into the following three areas: (i) banking: including current account and deposit services, payment services, and issuing debit, credit and prepaid cards; (ii) brokerage: providing order execution services on behalf of customers, 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; and (iii) investing: including placement and distribution services of more than 5,500 products, including mutual funds and SICAV sub-funds managed by 67 leading Italian and international investment firms, insurance and pension products, as well as consulting services related to investments.

Main events during the period

On February 9, 2015, the Board of Directors launched the plans approved by the Shareholders' Meeting on June 5, 2014.

In particular:

- it launched the "2014 Key People Plan" for employees of the Bank, following the verification of the achievement of the performance targets set in the Plan. To that effect, the Board of Directors confirmed its approval for a free increase in FinecoBank share capital of €79,761.00 corresponding to 241,700 ordinary shares. The dilution effect resulting from the above free capital increase to service the stock granting plans is calculated as a maximum of 0.04% of the fully diluted capital;
- it launched the 2014 stock granting plan ("2014 PFA Plan") for PFAs and Bank Network Managers, resolving to start the treasury shares purchase programme. Purchases only began after receipt of the authorisation from the Supervisory Authority, in accordance with articles 77-78 of EU Regulation 575/2013 of June 26, 2013 (CRR);
- considering the positive outcome of the verification of the entry conditions and the favourable opinion of the Remuneration and Appointments Committee, it approved:
    - the allocation in the year 2015 of 494,493 FinecoBank free ordinary shares to the "2014-2017 Multi-Year Plan Top Management" – a reduction on the number decided on April 15, 2014 in order to ensure compliance with the ratio between the fixed and variable components of remuneration in line with current regulations;
    - the allocation of 269,728 FinecoBank free ordinary shares for the "Group Executive Incentive System 2014".

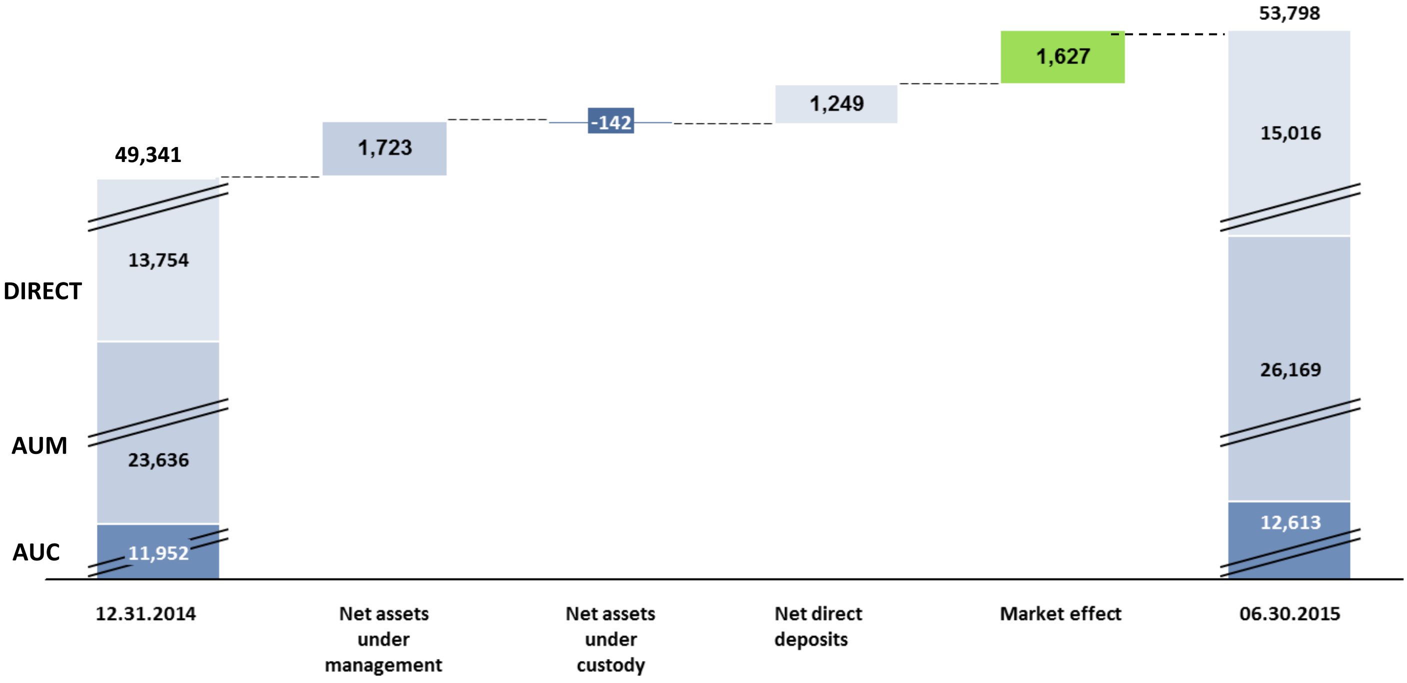
With regard to the 2014 stock granting plan ("2014 PFA Plan") for Personal Financial Advisors and Bank Network Managers, on July 9, 2015 the Board of Directors resolved to settle the PFAs rights to the first tranche of the bonus in cash, instead of the allocation of FinecoBank ordinary shares, with a payment in cash corresponding to a third of the bonus consideration, to be made on July 31, 2015.

Performance of direct and indirect sales

Total customer sales (direct and indirect) for the first half of 2015 continued to grow, reaching €53,798 million as at June 30, 2015, an increase of 9% compared to the end of 2014, thanks to net sales of €2,831 million and a positive effect of €1,627 million, driven by market performance. Customer indirect sales (Assets under Management-AUMs plus Assets under Custody-AUCs) came to €38,782 million, showing an increase of 9%, a figure that confirms the constant growth trend and the continuous improvement in the quality of inflows. 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 17.3% as at December 31, 2014 to 20.5% as at June 30, 2015. There was also noteworthy growth in Managed Assets, from 36.10% at December 31, 2014 to 42.06% at June 30, 2015.

Direct sales also showed a growth of 9.2%, 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" and "Advice Unit" unit-linked policies, while the "Fineco Advice" and "Fineco Stars" 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 FinecoBank customers, including both those linked to a financial advisor and online customers.

Balance direct and indirect sales

	Amounts as at		*Amounts as at*		*Changes*	
	06.30.2015	*Comp %*	*12.31.2014*	*Comp %*	*Amount*	*%*
Current accounts and demand deposits	14,127,499	26.3%	12,247,082	24.8%	1,880,417	15.4%
Time deposits and reverse repos	888,772	1.7%	1,506,637	3.1%	(617,865)	-41.0%
BALANCE DIRECT SALES	**15,016,271**	**27.9%**	**13,753,719**	**27.9%**	**1,262,552**	**9.2%**
Segregated accounts	14,503	0.0%	14,782	0.0%	(279)	-1.9%
UCITS and other investment funds	23,221,478	43.2%	21,176,945	42.9%	2,044,533	9.7%
Insurance products	2,933,308	5.5%	2,444,167	5.0%	489,141	20.0%
BALANCE ASSETS UNDER MANAGEMENT	**26,169,289**	**48.6%**	**23,635,894**	**47.9%**	**2,533,395**	**10.7%**
Government securities, bonds and stocks	12,612,732	23.4%	11,951,552	24.2%	661,180	5.5%
BALANCE ASSETS UNDER ADMINISTRATION	**12,612,732**	**23.4%**	**11,951,552**	**24.2%**	**661,180**	**5.5%**
BALANCE DIRECT AND INDIRECT SALES	**53,798,292**	**100.0%**	**49,341,165**	**100.0%**	**4,457,127**	**9.0%**
of which Guided products & services	11,007,594	20.5%	8,532,245	17.3%	2,475,349	29.0%

(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 PFA network.

Balance direct and indirect sales – Personal Financial Advisers Network – Assoreti figures

	Amounts as at		Amounts as at		Changes	
	06.30.2015	Comp %	12.31.2014	Comp %	Amount	%
Current accounts and demand deposits	10,080,585	22.1%	8,605,117	20.7%	1,475,468	17.1%
Time deposits and reverse repos	616,128	1.4%	1,064,704	2.6%	(448,576)	-42.1%
BALANCE DIRECT SALES	**10,696,713**	**23.5%**	**9,669,821**	**23.3%**	**1,026,892**	**10.6%**
Segregated accounts	14,503	0.0%	14,782	0.0%	(279)	-1.9%
UCITS and other investment funds	22,771,384	50.0%	20,772,136	50.1%	1,999,248	9.6%
Insurance products	2,833,426	6.2%	2,346,758	5.7%	486,668	20.7%
BALANCE ASSETS UNDER MANAGEMENT	**25,619,313**	**56.3%**	**23,133,676**	**55.8%**	**2,485,637**	**10.7%**
Government securities, bonds and stocks	9,212,543	20.2%	8,669,714	20.9%	542,829	6.3%
BALANCE ASSETS UNDER ADMINISTRATION	**9,212,543**	**20.2%**	**8,669,714**	**20.9%**	**542,829**	**6.3%**
BALANCE DIRECT AND INDIRECT SALES - PERSONAL FINANCIAL ADVISORS NETWORK	**45,528,569**	**100.0%**	**41,473,211**	**100.0%**	**4,055,358**	**9.8%**

(Amounts in € thousand)

The table below shows the figures for the balance of net direct sales, assets under management and assets under administration for H1 2015 and H1 2014 of Fineco customers, including both those linked to a financial advisor and online-only customers.

Net sales

					Changes	
	1st Half 2015	Comp %	1st Half 2014	Comp %	Amount	%
Current accounts and demand deposits	1,880,417	66.4%	1,188,659	59.2%	691,758	58.2%
Time deposits and reverse repos	(631,160)	-22.3%	(3,940)	-0.2%	(627,220)	n.c.
DIRECT SALES	**1,249,257**	**44.1%**	**1,184,719**	**59.0%**	**64,538**	**5.4%**
Segregated accounts	(432)	0.0%	(26,867)	-1.3%	26,435	-98.4%
UCITS and other investment funds	1,347,036	47.6%	1,297,257	64.6%	49,779	3.8%
Insurance products	376,564	13.3%	104,447	5.2%	272,117	260.5%
ASSETS UNDER MANAGEMENT	**1,723,168**	**60.9%**	**1,374,837**	**68.5%**	**348,331**	**25.3%**
Government securities, bonds and stocks	(141,832)	-5.0%	(551,252)	-27.4%	409,420	-74.3%
ASSETS UNDER ADMINISTRATION	**(141,832)**	**-5.0%**	**(551,252)**	**-27.4%**	**409,420**	**-74.3%**
TOTAL NET SALES	**2,830,593**	**100.0%**	**2,008,304**	**100.0%**	**822,289**	**40.9%**

(Amounts in € thousand)

The table below shows the figures for the balance of net direct sales, assets under management and assets under administration for H1 2015 and H1 2014 for the PFA network.

Total net sales - Personal Financial Advisors Network

	1st Half 2015	Comp %	1st Half 2014	Comp %	Changes Amount	Changes %
Current accounts and demand deposits	1,475,468	57.1%	936,314	52.8%	539,154	57.6%
Time deposits and reverse repos	(472,503)	-18.3%	(21,375)	-1.2%	(451,128)	2110.5%
DIRECT SALES	**1,002,965**	**38.8%**	**914,939**	**51.6%**	**88,026**	**9.6%**
Segregated accounts	(432)	0.0%	(26,867)	-1.5%	26,435	-98.4%
UCITS and other investment funds	1,308,907	50.7%	1,265,710	71.4%	43,197	3.4%
Insurance products	379,740	14.7%	115,703	6.5%	264,037	228.2%
ASSETS UNDER MANAGEMENT	**1,688,215**	**65.4%**	**1,354,546**	**76.4%**	**333,669**	**24.6%**
Government securities, bonds and stocks	(108,890)	-4.2%	(496,398)	-28.0%	387,508	-78.1%
ASSETS UNDER ADMINISTRATION	**(108,890)**	**-4.2%**	**(496,398)**	**-28.0%**	**387,508**	**-78.1%**
TOTAL NET SALES - PERSONAL FINANCIAL ADVISORS NETWORK	**2,582,290**	**100.0%**	**1,773,087**	**100.0%**	**809,203**	**45.6%**

(Amounts in € thousand)

Performance of income statement aggregates

Profit before tax amounted to €141.6 million, up 23.3% compared to the same period in the previous year.

Income shows an improvement of net fee and commission income, thanks to fees and commissions generated by assets under management and the trading and order collection activity for financial instruments, and by the Net trading, hedging and fair value income due to the greater profit generated by the internalisation activity.

Net fee and commission income and net trading, hedging and fair value income largely offset the increase in Payroll costs, due an increase in the number of employees, and that of costs resulting from share-based payments involving own equity instruments, as well as the increase in Other administrative expenses and recovery of expenses, mainly linked to the cost of the new PFA incentive plans and higher PFA expenses as a result of increased hiring that had already started in previous financial years.

Communications and external relations

"The bank that simplifies banking" is the unique positioning that FinecoBank has continued to develop in 2015. During the first half of the year, two important advertising flights were conducted using all media – both mainstream (for a wider target) and more vertical media in the finance world. In terms of the creative content, the January-February flight repeated the slogan "Semplice, come baciare" (Simple. Like a Kiss.). The April-May flight saw the launch of the new "Risposte Semplici" (Simple Answers) campaign, which reinforces the concept that the bank is capable of providing straightforward answers to questions from increasingly demanding customers. Both flights were supported by a "Member Gets Member" campaign to maximise their effectiveness, not only in terms of communications but also in business terms of new qualified assets acquired.

An annual plan for monitoring the financial press has been implemented, in order to communicate more directly with the mass-affluent target, involving all the major newspapers, with creative content based around the Fineco Advice advisory service. The decision to present the Advisory service through this type of channel also responds to the goal of becoming an increasingly important point of reference for banking professionals and advisors in the private banking sector.

The campaigns incentivising potential customers to transfer securities and funds were the business driver of communications activities. In addition to the major communications campaigns, in the first half of the year four communications mini-flights on trading were run, to support acquisition during a highly favourable period in the economic cycle.

COMMERCIAL ACTIVITIES AND DEVELOPMENT OF NEW PRODUCTS AND SERVICES

During the first half of 2015, the commercial activities and the issue of new products and services continued, which involved all the Bank's departments and units, within their respective areas, and consisted of feasibility studies, subsequent implementation and sale/placement. In detail:

- the "Member Get Member" campaign was extended;
- the CORE SERIES offering was enriched with two new funds: CORE Global Opportunity and CORE Alternative. CORE Global Opportunity is the bond solution suitable for customers wishing greater diversification, for a dynamic investment that can react flexibly to market changes; CORE Alternative is an investment solution that is uncoupled from market performance, for customers wishing to exploit all return opportunities whilst maintaining careful control over risks.
- a new version of the Fineco app for iPhone was released. Using Touch ID technology, users that have an iPhone 5S, 6 or 6plus can access the Fineco app even more securely and directly by using their fingerprint;
- new Logos Time CFDs were released on all Logos platforms: desktop, iPhone and Android smartphones. Now, with a simple tap, users can decide whether the underlying will rise or fall in a pre-defined time period. Users can choose from over 40 Logos Time CFDs with underlying equities, indices or currencies from all over the world, as well as the amount, the direction (up or down) and the duration, from one minute up to the entire day;
- the new Screener was released - an equities search engine that is even easier and more intuitive. Using Search Ideas, customers can gain information about the market and listed companies through pre-defined filters;
- the investment offering grew with the addition of the Luxembourg asset manager StandardLife Investments and the Luxembourg SICAV Schroders GAIA.

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

In the first half of 2015 FinecoBank continued to consolidate its leadership in the Italian online trading market.

The first four months of the year were marked by a sharp rise in trading, mainly due to the renewed optimism of traders and an ever expanding offering, open to all target customers.

In May and June, volumes were in line with the 2014 average, due to the sideways trend of the market and the general climate of political uncertainty.

As for the analysis of the evolution of the customer base, it is firstly worth noting the continuous growth in the number of new customers that placed their first order on the markets during this first half of the year. There was a positive impact from the communications campaigns dedicated to online trading, run on various channels, from speciality television networks to radio networks, increased brand awareness, in addition to the power of attraction of innovative products such as CFDs, featuring the use of leverage and the ease of use combined with the "commission free" proposition.

The growth in CFDs was also due to the expansion of how the offering is delivered. Specifically: the addition of Logos Time, the new Logos Desktop platform and CFDs on commodities.

The strategy to expand, innovate and develop the offering was also implemented through the introduction of different services and functions. Specifically, new additions included:

- Logos Time, binary options that can be traded through the Logos desktop platform and Logos apps for iPhone, iPad and Android;
- Stockscreener, a new tool which can be used to search for equities among the thousands available on the site. Search ideas were also introduced, which allow users to carry out pre-defined searches;
- CFDs on commodities, which extended the "zero commissions" formula to instruments with underlying agricultural and energy products and metals, i.e. oil, gold, natural gas, platinum, soy bean oil and rough rice. These CFDs can also be traded on the website, through the Powerdesk and the apps;
- New Fineco apps which display a summary portfolio including all investments in euro and the possibility to view up to three favourites lists.

The following table shows the number of orders on financial instruments recorded in H1 2015 compared to the same period in the previous year.

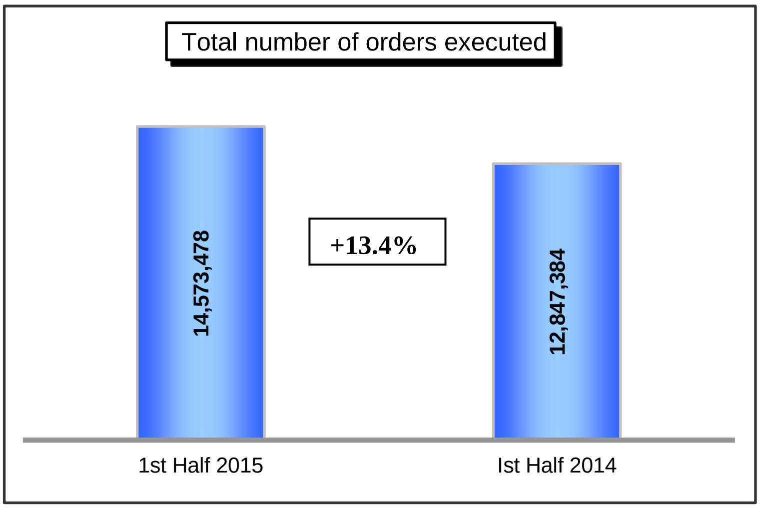
	1st Half 2015	*1st Half 2014*	*Changes*	
			Amount	*%*
Orders - Equity Italia (including internalised orders)	4,591,281	3,904,206	687,075	17.6%
Orders - Equity USA (including internalised orders)	574,565	660,165	(85,600)	-13.0%
Orders - Equity other markets (including internalised orders)	296,500	249,689	46,811	18.7%
Total equity orders	*5,462,346*	*4,814,060*	*648,286*	*13.5%*
Orders - Bonds	363,521	394,050	(30,529)	-7.7%
Orders - Derivatives	1,721,657	1,569,876	151,781	9.7%
Orders - Forex	948,728	549,455	399,273	72.7%
Orders - CFDs	832,080	542,545	289,535	53.4%
Orders - Funds	1,386,279	1,036,837	349,442	33.7%
Orders- Repo	12,303	17,064	(4,761)	-27.9%
TOTAL ORDERS	**10,726,914**	**8,923,887**	**1,803,027**	**20.2%**

The table shows a general increase in orders executed in H1 2015 compared to the previous year, except for a slight decline in the USA equity market, Bond and Repo markets.

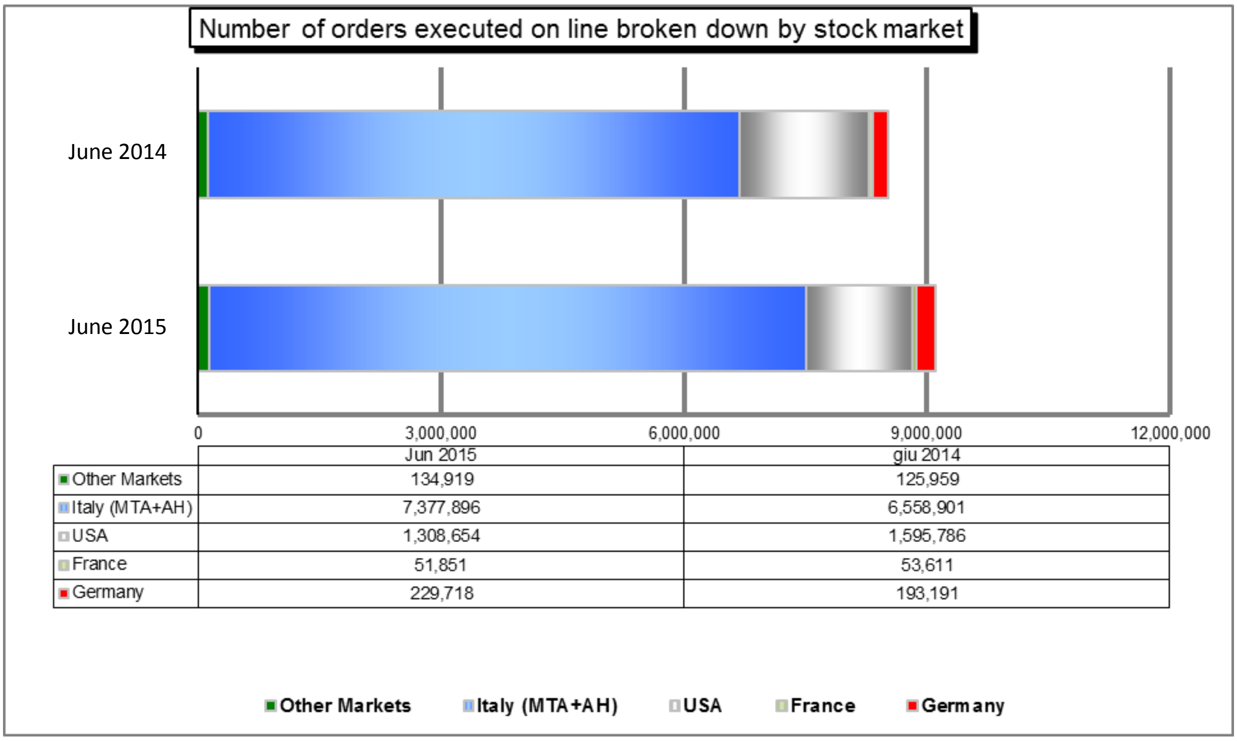
The following table shows the volume of trades carried out as direct counterparty in orders placed by customers, resulting from the internalisation of orders received on shares, CFDs and Logos products, recorded in H1 2015 compared to the same period in 2014.

	1st Half 2015	*1st Half 2014*	*Changes*	
			Amount	*%*
Equity (internationalisation)	35,500,089	20,821,728	14,678,361	70.5%
Forex	63,515,036	35,329,820	28,185,216	79.8%
CFDs and Logos	28,932,807	7,022,561	21,910,246	312.0%
Total "Internalised" Volumes	**127,947,932**	**63,174,109**	**64,773,823**	**102.5%**

(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 reverse repos.



	Jun 2015	giu 2014
Other Markets	134,919	125,959
Italy (MTA+AH)	7,377,896	6,558,901
USA	1,308,654	1,595,786
France	51,851	53,611
Germany	229,718	193,191

BANKING

Banking

FinecoBank 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.

FinecoBank has successfully increased its market share (estimated on the basis of direct sales), from 1.01% as at December 31, 2014 to 1.04% as at March 31, 2015, thanks to more robust growth than elsewhere in the industry (+5.17% vs +1.99% growth in the banking system).

In this context, during H1 2015, process optimisation continued in relation to digitalisation.

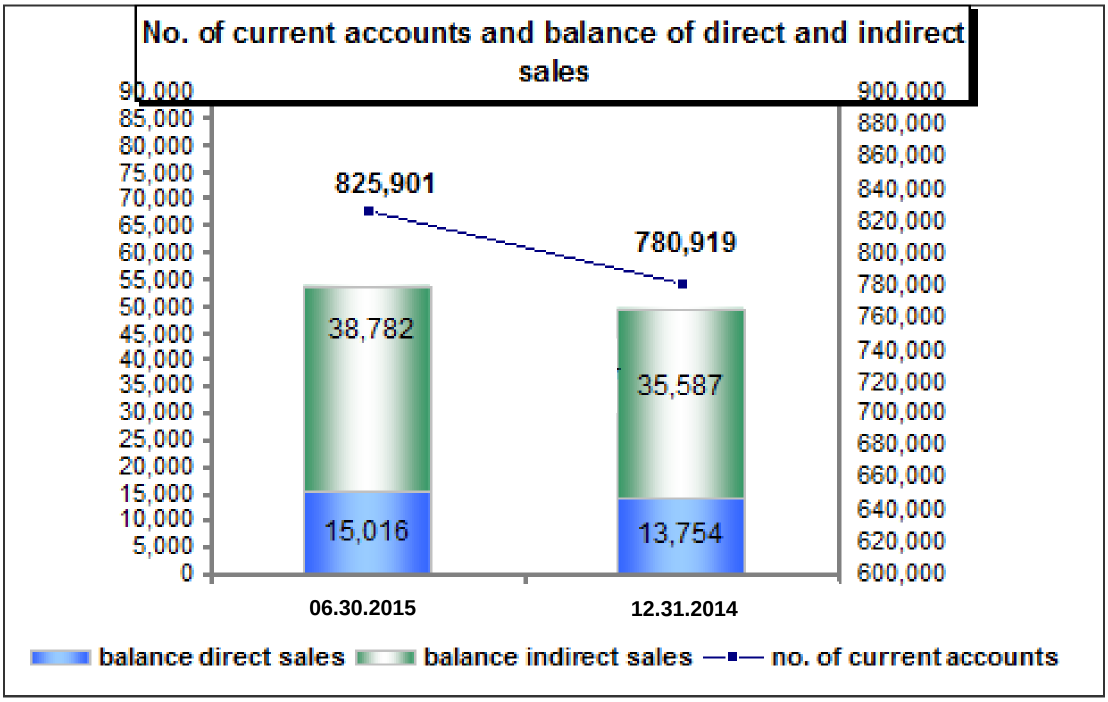
An important new feature is the introduction of recognition via webcam and the use of digital signatures for contracts to open current accounts. This results in a single, extremely streamlined procedure that allows customers to open an account completely online, with the utmost security, avoiding all the problems related to printing out and sending hard copy documents. Thanks to the introduction of the new identification via webcam, along with the digital signature of the contract and sending access codes by email and text message, accounts can now be opened in only one working day.

As a result of the Bank of Italy measure of April 3, 2013, starting from January 2015, transfers from other online banks are also deemed valid for remote identification.

With regard to digitalisation of processes, on March 10, 2015 customers of PFAs were given the option to directly sign Advice advisory contracts – sent to them via web collaboration – by accessing the reserved area of the website and using a digital signature.

With regard to services offered to customers, we note:

- the extension of payment of road tax also to the Marche region;
- the increase in the number of bill-payers signed up for the CBILL service;
- the online availability of ISEE (financial situation) certifications;
- the option of uploading updated ID documents.



(Amounts in € thousand)

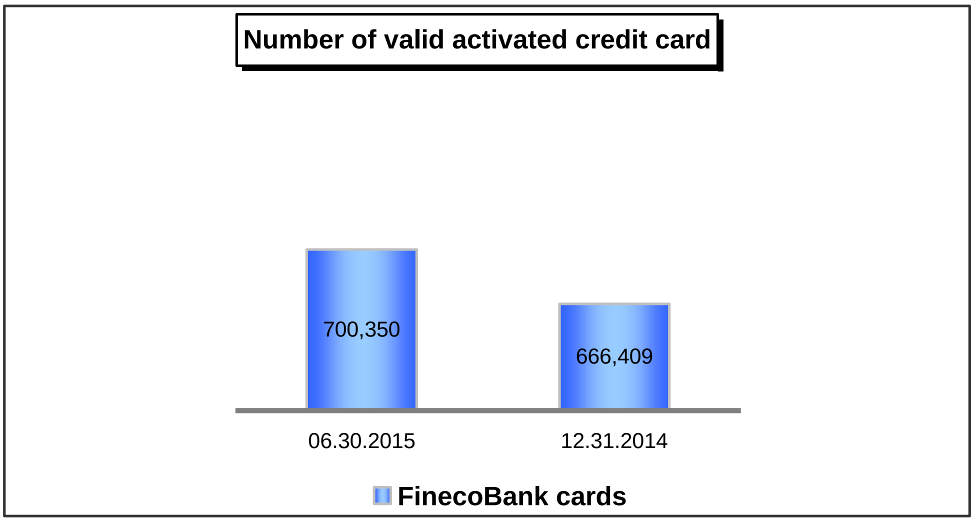
Credit

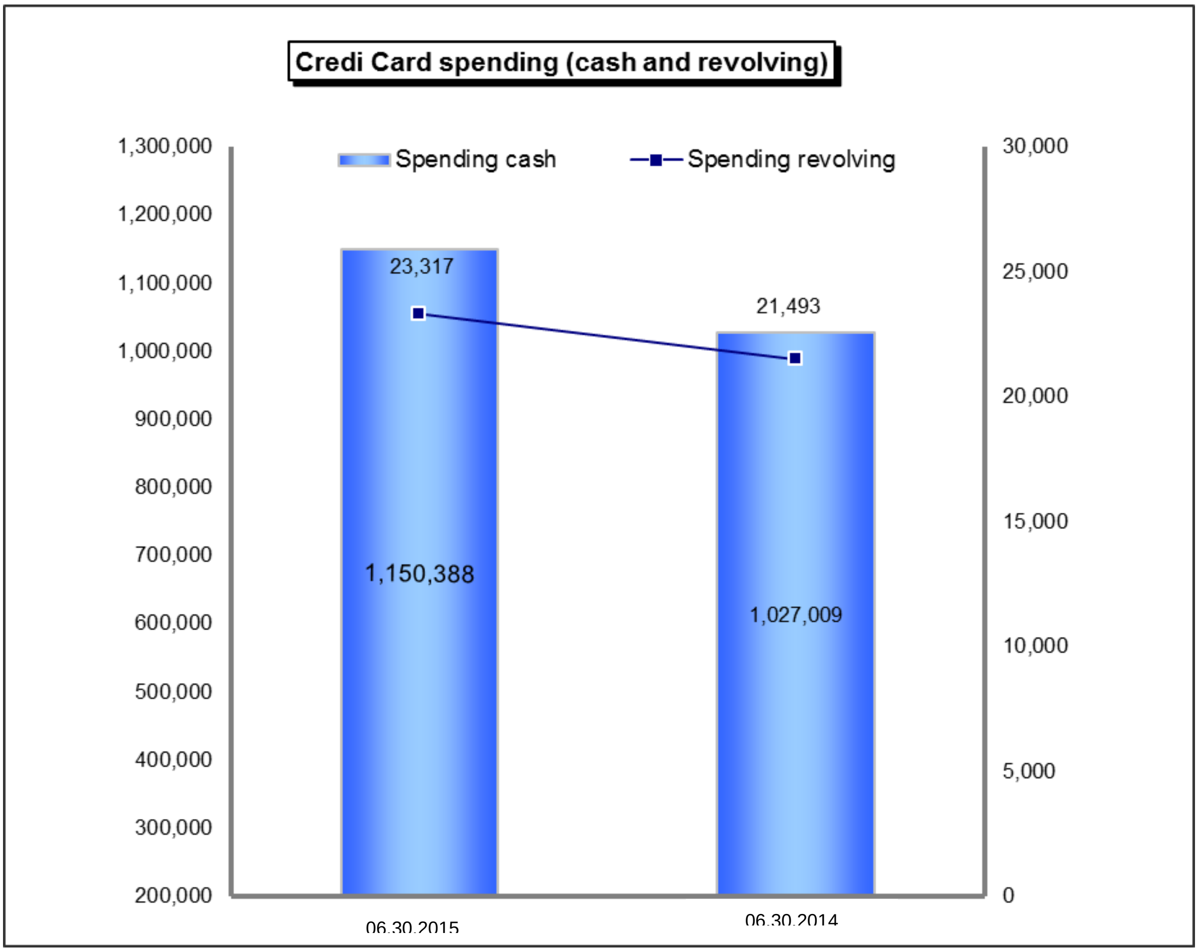
During H1 2015, indicators for the credit card segment were up compared to the same period of the previous year.

In particular, the spending figure, which remains the main driver of profitability, increased by 12% compared to the previous year, for a total value of €1.2 billion. The spending of revolving cards represented 2% of the total.

Activity on other credit products was also intense, also due to the market scenario and the need to reinstate a sharp focus on developing and enriching this family of products. In particular, we note:

- the review of interest rates on loans, to make personal loans and loan consolidation even more competitive;
- the introduction of digital signatures for loans, which speeds up the application and disbursement process;
- the re-engineering of the lending process on the online channel and through PFAs, in order to improve the usability of the services. As the areas for improvement have been identified, actions to improve the offering and sales are under way.





(Amounts in € thousand)

INVESTING

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.

The first half of 2015 closed with the launch of two new partnerships with asset management companies, Standard Life and Schroders GAIA, and the addition to the platform of over 440 new ISINs available to customers. In February, two new CORE SERIES funds were introduced: ALTERNATIVE and GLOBAL OPPORTUNITY, which were welcomed as a way to diversify customer portfolios. Overall, the CORE SERIES range has made €1,022 million in net sales since the beginning of the year.

The first half of the year was also highly positive for the "Fee-based" Fineco Advice advisory service, with net sales of approximately €656 million, most of which deriving from new customers. The service added the option of remote signing of contracts using digital signature and, with the same method, allows users to change the risk-return profile of customer portfolios, thus guaranteeing immediate execution.

The insourcing of the front-end of the advisory platform was completed, to guarantee prompt, flexible development in line with the market scenario and customer needs.

Additional improvements were made to the Advice service reporting on the Customer site, adding information on the portfolio which includes "Advice financial indicators" and the breakdown of daily performance.

The information available for financial advisors on portfolios was expanded, providing the option to customise reporting based on the specific characteristics of the customer and send reports online via web-collaboration, directly on their website.

The Fineco Stars advisory services also achieved highly positive results, continuing its growth and development: Net sales since the beginning of the year reached €145 million, with an increase in the range of selected funds, which includes 21 fund selection strategies.

Lastly, in the first half of 2015, the interest in advisory services in the form of insurance coverage through unit-linked policies was confirmed. The Bank's two leading products, CORE UNIT and ADVICE UNIT of Old Mutual Wealth Italy SPA had sales of approximately €451 million since the beginning of the year. In June the monitoring service for Advice Unit portfolios was released, which provides constant risk monitoring, including of the insurance product, in line with advanced advisory services.

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

	Amounts as at		*Amounts as at*		*Change*	
	06.30.2015	*Comp %*	*12.31.2014*	*Comp %*	*Amount*	*%*
UCITS and other investment funds	23,221,478	88.7%	21,176,945	89.6%	2,044,533	9.7%
Insurance products	2,933,308	11.2%	2,444,167	10.3%	489,141	20.0%
Segregated accounts	14,503	0.1%	14,782	0.1%	(279)	-1.9%
Total balance assets under management	**26,169,289**	**100.0%**	**23,635,894**	**100.0%**	**2,533,395**	**10.7%**

(Amounts in € thousand)

THE NETWORK OF PERSONAL FINANCIAL ADVISORS

After the outstanding results achieved in 2014, the first half of 2015 reported new record figures in all areas: growth in sales, increased new customer acquisition and additional, continuous growth in assets under management, with specific attention to the component of advisory services.

The continuing favourable market situation certainly aided this positive trend. However, the Bank's business model, structured planning approach and advisory tools available enable it to promptly and effectively respond to requests for advisory services from customers.

The figures recorded by the PFA network in the first half of 2015 are as follows:

- total net sales of €2,582 million;
- net managed assets of €1,688 million;
- net sales of guided products and services of €2,267 million;
- new accounts opened during the year: 45,022 new accounts.

The focus on guided products and services that was a central factor in 2014 was confirmed and will remain so in the future, with an approach to investments increasingly focused on financial planning. This approach is becoming an increasingly common way of working and is highly appreciated by private banking customers who, in addition to

constituting a significant portion of the customer base, also show steady, constant growth: 2% in terms of customers and 38% in terms of assets with sales for the first half of 2015 representing 34% of total sales.
This segment is therefore growing quickly, with an increase of 12.1% in terms of number of customers and 13.4% in terms of assets compared to the previous year's figures.
As for the Wealth Management segment, high-level training courses continued for the entire PFA network, and specifically for participants in the Fineco Wealth Advisor Forum.
Continuous, repeated communications campaigns and promotional initiatives were implemented to support growth and increase the impact of FinecoBank on the highest customer segments.
There was also continued focus on customer events organised across Italy. In the first half of 2015, 531 events were organised, with more than 19,100 customers and prospects attending, contributing €281 million to total net sales. New customer events were held, dedicated to the top customer segment, with exclusive, high-value meetings.
Constant investment in logistics contributed to enhancing the image of FinecoBank throughout the country, demonstrating significant attention to brand awareness.
As regards recruitment, in the first half of 2015, 61 new PFAs were appointed, with a background in sales networks and banking, and 46 "inexperienced" employees were recruited as part of the "youth programme". On this front, net sales of senior PFAs stood at €221 million, plus €11.4 million from the youth programme.

As at June 30, 2015, the network was made up of 2,593 personal financial advisors, who operate countrywide through 332 financial stores (Fineco Centers), managed directly by the Company or by the personal financial advisors themselves.

Balance direct and indirect sales – Personal Financial Advisers Network – Assoreti figures

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	06.30.2015	*Comp %*	*12.31.2014*	*Comp %*	*Amount*	*%*
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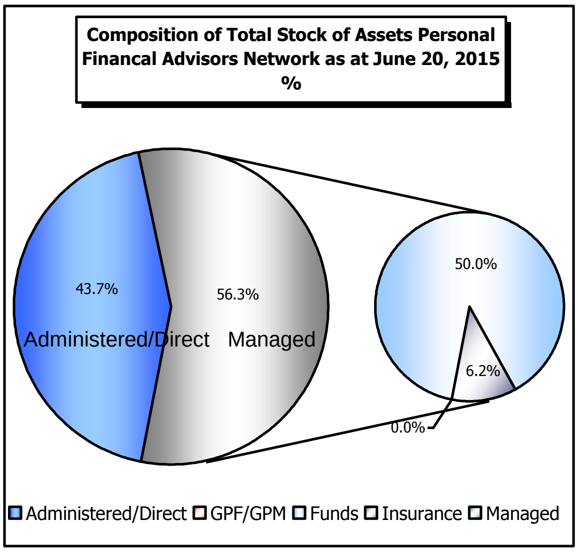
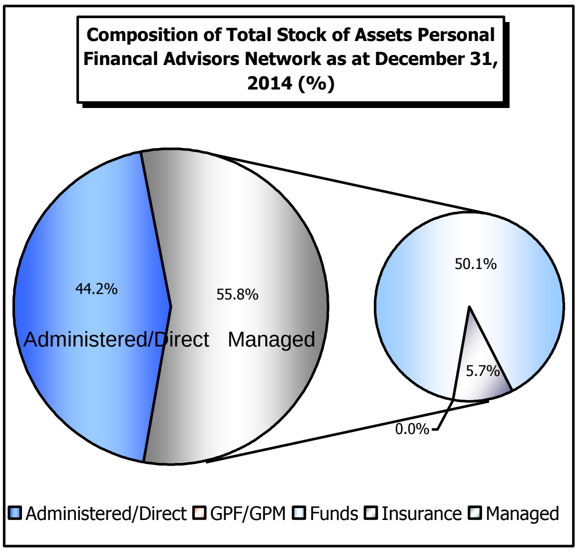
Segregated accounts	14,503	0.0%	14,782	0.0%	(279)	-1.9%
UCITS and other investment funds	22,771,384	50.0%	20,772,136	50.1%	1,999,248	9.6%
Insurance products	2,833,426	6.2%	2,346,758	5.7%	486,668	20.7%
BALANCE ASSETS UNDER MANAGEMENT	**25,619,313**	**56.3%**	**23,133,676**	**55.8%**	**2,485,637**	**10.7%**
Government securities, bonds and stocks	9,212,543	20.2%	8,669,714	20.9%	542,829	6.3%
BALANCE ASSETS UNDER ADMINISTRATION	**9,212,543**	**20.2%**	**8,669,714**	**20.9%**	**542,829**	**6.3%**
BALANCE DIRECT AND INDIRECT SALES - PERSONAL FINANCIAL ADVISORS NETWORK	**45,528,569**	**100.0%**	**41,473,211**	**100.0%**	**4,055,358**	**9.8%**

(Amounts in € thousand)

The table above shows the breakdown of sales attributable to the PFA network as at June 30, 2015 and December 31, 2014. Total direct and indirect sales, amounting to €45,529 million, increased by 9.8% compared to December 31, 2014.





Total net sales - Personal Financial Advisors Network

	1st Half 2015	Comp %	1st Half 2014	Comp %	Changes Amount	Changes %
Current accounts and demand deposits	1,475,468	57.1%	936,314	52.8%	539,154	57.6%
Time deposits and reverse repos	(472,503)	-18.3%	(21,375)	-1.2%	(451,128)	2110.5%
DIRECT SALES	**1,002,965**	**38.8%**	**914,939**	**51.6%**	**88,026**	**9.6%**
Segregated accounts	(432)	0.0%	(26,867)	-1.5%	26,435	-98.4%
UCITS and other investment funds	1,308,907	50.7%	1,265,710	71.4%	43,197	3.4%
Insurance products	379,740	14.7%	115,703	6.5%	264,037	228.2%
ASSETS UNDER MANAGEMENT	**1,688,215**	**65.4%**	**1,354,546**	**76.4%**	**333,669**	**24.6%**
Government securities, bonds and stocks	(108,890)	-4.2%	(496,398)	-28.0%	387,508	-78.1%
ASSETS UNDER ADMINISTRATION	**(108,890)**	**-4.2%**	**(496,398)**	**-28.0%**	**387,508**	**-78.1%**
TOTAL NET SALES - PERSONAL FINANCIAL ADVISORS NETWORK	**2,582,290**	**100.0%**	**1,773,087**	**100.0%**	**809,203**	**45.6%**

(Amounts in € thousand)

Total net sales for the first half of 2015 stood at over €2,582 million, with a strong focus on assets under management and guided products and services, as described previously.

More specifically, net sales for managed assets amounted to €1,688 million, while guided products and services (CORE Series, CORE Unit, Advice, Advice Unit and Fineco STARS) generated €2,267 million in sales

HUMAN RESOURCES

As at June 30, 2015, FinecoBank's total workforce consisted of 1,046 employees compared to 1,022 as at December 31, 2014. The breakdown was as follows:

Human Resources	June 30, 2015	December 31, 2014
FinecoBank employees	1,039	1,008
Workers with atypical contracts (+)	-	3
Group employees seconded to FinecoBank (+)	-	4
FinecoBank employees seconded to the Group (-)	(1)	(1)
Total human resources excluding Directors	**1,038**	**1,014**
Directors (+)	8	8
Total human resources	**1,046**	**1,022**

During H1 2015, activities continued to strengthen and optimise the areas dedicated to business development, organisational support and risk control and management. This lead to the hiring of 56 human resources, of which:

• 12 from other Group companies;

• 44 from the market.

Of the 44 new recruits from the market, around half (20 resources) were employed in the Customer Relationship Management area, confirming the strong and ongoing focus on young graduates. Customer Relationship Management forms the starting point of a pathway of professional development that can lead to different roles in the business.

During the first half of the year, 15 employees had their temporary contracts converted into permanent contracts, mainly in the Customer Relationship Management area, therefore, not only guaranteeing operational continuity but also capitalising on the skills and competences already present within the business.

Conversely, during the year, a total 25 employees left the Bank, including 3 who resigned and 16 who were transferred to Group companies. Overall, the staff turnover came to 3%.

In the first six months of the year, there was also significant use of Internal job rotation, involving 38 employees, through which, on one hand, vacant positions within the company were filled, and, on the other, it ensured the continued professional development of staff.

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

Category	Men		Women		Total	
	06.30.15	**12.31.14**	**06.30.15**	**12.31.14**	**06.30.15**	**12.31.14**
Executives	23	23	4	3	27	26
Managers	205	203	83	81	288	284
Professional Areas	360	345	364	353	724	698
Total	**588**	**571**	**451**	**437**	**1,039**	**1,008**

As at June 30, 2015 part-time staff amounted to 75, accounting for 7.2% of employees, with women employees representing around 43.3% of the workforce.

Average staff length of service was 8 years, while the average age was approximately 39.

EMPLOYEE TRAINING

During H1 2015, employee training concentrated on both acquiring and consolidating staff skills based on the company's needs, and continuous professional development of individual abilities, with specific focus on mandatory technical and language training.

The breakdown is shown below:

Training Area	Hours of Training
Mandatory	1,535
Technical	6,317
Foreign Language	6,608
Behavioural – Management	450
Total	**14,910**

Mandatory training

FinecoBank is committed to constantly establishing and strengthening a risk and compliance culture, across the organisation, which enables our business to stay not only profitable but also sustainable over time.

For this reason, during H1 2015, the Bank paid significant 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.

Technical and behavioural training

In the first six months of the year, training sessions were organised for the acquisition of technical skills needed to improve company productivity and the level of employee specialisation.

In the Customer Care area, a total of 7,470 hours of 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 that is certified in a register of activities.

Lastly, in H1 2015, the coaching process begun in 2014 for several selected high-potential human resources was concluded.

Foreign language training

Foreign language training during H1 2015 involved 310 employees in English courses (classroom-based or via telephone), which will conclude in the second half of the year. In some cases (e.g. for Executives), "one-to-one" training courses in Business English were provided. Employees are assigned to participate in foreign language training courses based on requests made by the individual unit managers, based on the specific professional needs of 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 H1 2015, 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 optimising infrastructure and applications, as well as the continuous improvement and fine-tuning of the applications security architecture.

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 organisation 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 must apply the provisions according to the proportionality principle, i.e. taking into account the operating scale and organisational 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, organisational 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 FinecoBank 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; for regulatory areas which already have types of control performed by the Bank's specialised structures, monitoring of compliance risk is assigned to these structures based on the "Indirect Coverage" operating model, also adopted by the Parent Company;
- 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 Chief Executive Officer and the General Manager[2], 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 formalised 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.

Finally, it should be noted that, under Article 49, paragraph 1, of the Regulation (EU) No. 468/2014 of the European Central Bank (ECB/2014/17)1 (the SSM - single supervisory mechanism - Framework Regulation), the ECB published a list containing the names of supervised entities and groups that fall under the direct supervision of the ECB ("significant supervised entities" and "significant supervised groups", as defined in Article 2, points 16) and 22) of the SSM Framework Regulation), indicating each specific reason for direct supervision for each of them, and, if classified as significant based on size, the total value of the assets of the entity or group supervised.
FinecoBank, as a "credit institution established in a participating Member State" belonging to the UniCredit group (classified as a "significant supervised group"), is included in the list of "significant supervised entities".

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.

[2] Also appointed as "Director responsible for the internal control and risk management system" in accordance with principle 7.P.3 of the Corporate Governance Code of listed companies.
[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.

ORGANISATIONAL STRUCTURE

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

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

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

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

During the first half of 2015 several changes were made to the organisational structure. Specifically, in the Investment Services and Wealth Management Department, the advisory service was upgraded, and its strengthened position as the focal point of the FinecoBank business model made it necessary to reorganise the Advice Unit, also to guarantee effective oversight of the activities and related risks.

Specifically:

- the *Advice Financial Service Management* team was replaced with two new teams: *Portfolio Modelling* and *Financial Logic & Portfolio Monitoring*;
    - the *Portfolio Modelling* team draws up the portfolio model, classifies and maps the financial instruments included in the Advice advisory service and oversees the commissions paid by customers;
    - the *Financial Logic & Portfolio Monitoring* team develops and manages qualitative and statistical models relating to the Advice advisory service, monitoring its ex ante and ex post risk;
- the *Specialised Support and Advice Promotion* team was renamed the *Advice Network Support* team. The team is tasked with supporting the Fineco PFA network with regard to the advisory service, on financial issues as well as more operational issues.

Also note that as a result of the new provisions on Business Continuity, introduced by the 15th update of July 2, 2013 to the Bank of Italy Circular no. 263 "New Regulations for the prudential supervision of banks", it was necessary to set up greater controls in relation to additional responsibilities of intermediaries. In order to fully highlight the responsibilities assigned, the *Organisational Development, Sizing and Processes* Unit was renamed to *Organisational Development and Business Continuity*.

This Unit is assigned, among other duties, to support the Head of the Bank Organisation and Operations Department:

- in its role as BC&CM Manager, regarding the day-to-day activities of business continuity management, for the aspects under its responsibility, for the purpose of maintaining the various documents comprising the Business Continuity Plan;
- in its role as EIC Coordinator, regarding the management of day-to-day Event, Accident and Crisis Management (EICM), for the aspects under its responsibility, for the purpose of maintaining and applying the related Plan.

Lastly, during the first half of 2015, in order to ensure greater oversight to guarantee an adequate tax advisory process to support the Bank's operations, within the Chief Financial Officer (CFO) Department, the Tax Affairs Unit was reorganised, by:

- renaming the Tax Affairs Unit to Tax Affairs & Advisory;
- creating two teams that report to the Tax Affairs and Advisory Unit:

- *Tax Administration*, in charge of overseeing the correct fulfilment of the Bank's tax obligations;
- *Tax Advisory*, in charge of providing assistance on tax matters to all organisational structures of the Bank required to fulfil tax obligations.

Organisational Model

FinecoBank's current organisational 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"* specialisation, 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 organisational units report to the Chief Executive Officer and General Manager: 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 Referent Unit, and the Identity & Communication Team.

The organisational 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).

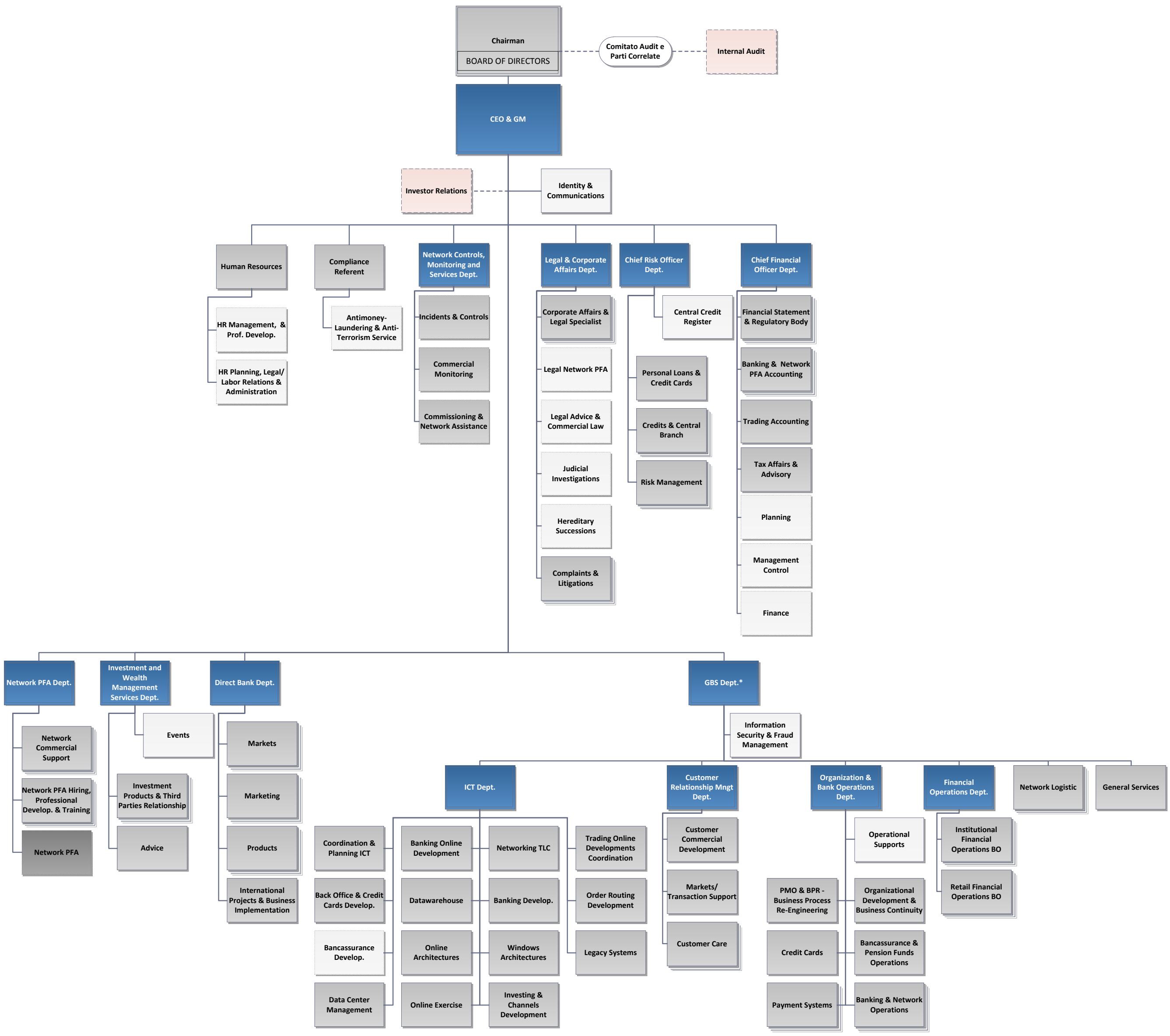
In summary:

- The PFA Network Department is responsible for overseeing the management and development of Fineco's network of personal 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 components 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 organisational units in charge of monitoring the organisational/operating processes and the ICT and logistics systems needed to ensure the effective and efficient operation of business support systems. The following organisational units report to the GBS Department: Information Security & Fraud Management Team, ICT – Information & Communication Technology Department, CRM – Customer Relationship Management Department, Organisation & Bank Operations Department, Financial Operations Department, Network Services Unit, General Services Unit.

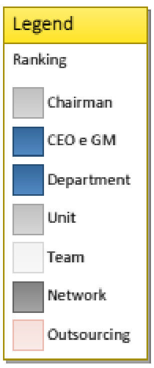
The synergies between the distribution channels and the monitoring of decision-making processes that cut across the Departments are ensured by a Management Committee.

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 S.p.A. 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.

Moreover, with regard to the activities of the Investor Relator, who manages relations with investors and intermediaries and represents the Company vis à vis the national and international financial community, FinecoBank has adopted an outsourcing model based on an ad hoc service contract with UniCredit S.p.A.



* Position covered by Deputy General Manager



MAIN BALANCE SHEET AGGREGATES

ASSETS	Amounts as at 06.30.2015	Amounts as at 12.31.2014	Changes Amount	Changes %
Cash and cash balances	6	5	1	20.0%
Financial assets held for trading	5,463	3,054	2,409	78.9%
Loans and receivables with banks	14,582,941	13,892,197	690,744	5.0%
Loans and receivables with customers	835,823	695,594	140,229	20.2%
Financial investments	2,238,746	1,695,555	543,191	32.0%
Hedging instruments	39,579	24,274	15,305	63.1%
Property, plant and equipment	11,163	10,892	271	2.5%
Goodwill	89,602	89,602	-	-
Other intangible assets	8,030	8,142	(112)	-1.4%
Tax assets	14,629	18,550	(3,921)	-21.1%
Other assets	225,475	326,756	(101,281)	-31.0%
Total assets	**18,051,457**	**16,764,621**	**1,286,836**	**7.7%**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at 06.30.2015	Amounts as at 12.31.2014	Changes Amount	Changes %
Deposits from banks	1,436,173	1,428,568	7,605	0.5%
Deposits from customers	15,256,498	13,914,712	1,341,786	9.6%
Debt securities in issue	400,000	424,710	(24,710)	-5.8%
Financial liabilities held for trading	5,386	3,135	2,251	71.8%
Hedging instruments	59,668	46,220	13,448	29.1%
Provisions for risks and charges	104,947	118,031	(13,084)	-11.1%
Tax liabilities	30,288	33,358	(3,070)	-9.2%
Other liabilities	227,285	243,633	(16,348)	-6.7%
Shareholders' Equity	531,212	552,254	(21,042)	-3.8%
- capital and reserves	*437,198*	*400,085*	*37,113*	*9.3%*
- revaluation reserves (available-for-sale financial assets and for actuarial gains (losses) for defined benefits plans)	*310*	*2,262*	*(1,952)*	*-86.3%*
- net profit (loss)	*93,704*	*149,907*	*(56,203)*	*-37.5%*
Total liabilities and shareholders' equity	**18,051,457**	**16,764,621**	**1,286,836**	**7.7%**

(Amounts in € thousand)

Financial assets held for trading

Financial assets held for trading consist of:

- bonds, equities, UCIT units and warrants classified as HFT (held for trading), amounting to €71 thousand, held in the Bank's portfolio as a result of trading activity, and intended to be traded in the short term;
- 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 €3.5 million, which correspond to negative valuations booked under item 40 "Financial liabilities held for trading";
- the positive valuation of CFDs and futures on indices and interest rates and of CFDs on Forex for €1.9 million.

CFDs 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 differences in customer positions, by underwriting futures on the underlyings, or through Forex transactions with institutional counterparties to hedge CFD transactions in open currencies with customers' currency; consequently, the positive valuations 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

	Amounts as at		*Changes*	
	06.30.2015	*12.31.2014*	*Amount*	*%*
Current accounts and demand deposits	1,237,533	1,476,280	(238,747)	-16.2%
Time deposits	2,348,650	2,894,321	(545,671)	-18.9%
Other loans				
1 Reverse repos	1,505	5,794	(4,289)	-74.0%
2 Others	104,600	27,472	77,128	280.8%
Debt securities	10,890,653	9,488,330	1,402,323	14.8%
Total	**14,582,941**	**13,892,197**	**690,744**	**5.0%**

(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 €1,202.2 million (€1,450.7 million as at December 31, 2014), 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 €144 million (€131.9 million as at December 31, 2014), in addition to time deposits held with UniCredit with a book value of €2,204.6 million (€2,762.4 million as at December 31, 2014), opened to invest the liquidity raised through reverse repos and CashPark transactions with retail customers and through reverse repos with credit institutions, with the same maturities.

In the item Other Loans, the item Other relates to the amount of the initial and variation margins placed with credit institutions from derivative contract and reverse repos 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 €10,890.6 million (€9,488.3 million at December 31, 2014).

With reference to the increase of UniCredit shares in the portfolio compared with December 31, 2014, it should be noted that, in the first half of 2015, the Bank carried out four liquidity investment transactions, for a total amount of approx. €1,410 million, through the purchase of UniCredit medium/long-term variable-rate bonds.

Loans and receivables with customers

	Amounts as at		*Changes*	
	06.30.2015	*12.31.2014*	*Amount*	*%*
Current accounts	175,426	130,765	44,661	34.2%
Reverse repos	179,760	118,014	61,746	52.3%
Mortgages	46	58	(12)	-20.7%
Credit cards and personal loans	346,647	346,465	182	0.1%
Other loans	133,943	100,291	33,652	33.6%
Debt securities	1	1	-	0.0%
Total	**835,823**	**695,594**	**140,229**	**20.2%**

(Amounts in € thousand)

Loans and receivables with customers, amounting to €835.8 million, can essentially be broken down as follows:

- €524.1 million in loans to ordinary customers;
- €179.8 million in reverse repos;
- €55.8 million in collateral deposits and initial and variation margins with clearing houses for derivative contract transactions;
- €76.1 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 and initial and variation margins for derivative contract transactions, as well as current receivables associated with the provision of financial services.

Loans and receivables with customers (Management reclassification)	*Amounts as at* *06.30.2015*	*12.31.2014*	*Changes* *Amount*	*%*
Current accounts	169,916	128,270	41,646	32.5%
Use of credit cards	224,322	243,115	(18,793)	-7.7%
Personal loans	120,667	101,697	18,970	18.7%
Other loans	1,923	1,438	485	33.7%
Performing loans	*516,828*	*474,520*	*42,308*	*8.9%*
Current accounts	5,510	2,495	3,015	120.8%
Mortgages	46	58	(12)	-20.7%
Use of credit cards	92	104	(12)	-11.5%
Personal loans	1,566	1,549	17	1.1%
Other loans	26	26	-	0.0%
Impaired loans	*7,240*	*4,232*	*3,008*	*71.1%*
Loan receivables with ordinary customers	***524,068***	***478,752***	***45,316***	***9.5%***
Reverse repos	179,511	117,987	61,524	52.1%
Reverse repos - impaired	249	27	222	822.2%
Collateral deposits and initial and variation margins	55,832	23,122	32,710	141.5%
Current receivables associated with the provision of financial services	76,162	75,705	457	0.6%
Debt securities	1	1	-	0.0%
Current receivables and other receivables	***311,755***	***216,842***	***94,913***	***43.8%***
Loans and receivables with customers	**835,823**	**695,594**	**140,229**	**20.2%**

(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 increased by 9.5%, due to a greater use of current account overdrafts and the disbursement of personal loans, partially offset by the lesser use of credit cards with full payment of the balance at term.

Impaired assets

Category	**Gross amount**		**Impairment provision**		**Net amount**		**Coverage ratio**	
	Amounts as at		*Amounts as at*		*Amounts as at*		*Figures as at*	
	06.30.2015	*12.31.2014*	*06.30.2015*	*12.31.2014*	*06.30.2015*	*12.31.2014*	*06.30.2015*	*12.31.2014*
Non-performing loans	18,588	19,845	(15,235)	(16,686)	3,353	3,159	81.96%	84.08%
Doubtful loans	1,225	1,381	(811)	(928)	414	453	66.20%	67.20%
Past-due loans	5,470	1,272	(1,748)	(625)	3,722	647	31.96%	49.14%
Total	**25,283**	**22,498**	**(17,794)**	**(18,239)**	**7,489**	**4,259**	**70.38%**	**81.07%**

(Amounts in € thousand)

The amount of impaired loans net of impairment losses was €7.5 million, €3.4 million of which in non-performing loans, €0.4 million in unlikely to pay and €3.7 million in past-due loans. Impaired loans mostly relate to current account overdrafts, credit card use and personal loans.

The coverage ratio decreased compared to December 2014, mainly due to the classification under impaired past-due and/or overdrawn loans of the exposures to several customers that had opened leveraged positions on the Forex market, incurring a loss greater than the guaranteed margin, as a result of the extraordinary fall of the Euro versus the Swiss franc on January 15, 2015.

Financial investments flow

	Amounts as at		Changes	
	06.30.2015	12.31.2014	Amount	%
Available-for-sale financial assets	2,238,746	1,695,555	543,191	32.0%
Total	**2,238,746**	**1,695,555**	**543,191**	**32.0%**

(Amounts in € thousand)

Available-for-sale financial assets consist in debt securities issued by governments, in particular Italian government securities, for a book value of €1,680 million (€1,685.1 million as at December 31, 2014), French government securities, for a book value of €10.3 million (€10.4 million as at December 31, 2014), Spanish government securities, for a book value of €548.4 million (purchased in Q1 2015), and equity investments in companies in which the Bank does not exercise control or have a significant influence, for an amount equal to €5 million, including 20 shares in UniCredit Business Integrated Solutions S.c.p.A. for a total of €172.

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 €129.4 million.

Hedging instruments

	Amounts as at		Changes	
	06.30.2015	12.31.2014	Amount	%
Asset hedging derivatives - positive valuations	-	11,554	(11,554)	-100.0%
Liability hedging derivatives - positive valuations	12,706	7,693	5,013	65.2%
Adjustment to the value of assets under portfolio hedge	26,873	5,027	21,846	434.6%
Total assets	**39,579**	**24,274**	**15,305**	**63.1%**
of which:				
Positive valuations	14,087	19,842	(5,755)	-29.0%
Related accrued assets and liabilities	(1,381)	(595)	(786)	132.1%
Adjustments to the value of hedged assets	26,873	5,027	21,846	434.6%
Total assets	**39,579**	**24,274**	**15,305**	**63.1%**
Asset hedging derivatives - negative valuations	45,587	36,993	8,594	23.2%
Liability hedging derivatives - negative valuations	-	-	-	-
Adjustments to the value of liabilities under portfolio hedge	14,081	9,227	4,854	52.6%
Total liabilities	**59,668**	**46,220**	**13,448**	**29.1%**
of which:				
Negative valuations	39,972	30,793	9,179	29.8%
Related accrued assets and liabilities	5,615	6,200	(585)	-9.4%
Adjustments to the value of hedged liabilities	14,081	9,227	4,854	52.6%
Total liabilities	**59,668**	**46,220**	**13,448**	**29.1%**

(Amounts in € thousand)

Summary of hedging derivatives valuations as at June 30,2015	*Assets*	*Liabilities*	*Difference*
Valuation of asset and liability hedging derivatives	14,087	39,972	(25,885)
Change in fair value of hedged assets/liabilities	26,873	14,081	12,792
Revaluation reserve before related taxation	-	(12,866)	12,866
Total	**40,960**	**41,187**	**(227)**

(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 recognised as debt securities in issue.

Accruals relating to asset and liability hedging derivatives amount respectively to -€1.4 million and €5.6 million, and are included in the net interest income.

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, net of accrued interest included in the net interest income, is a negative €227 thousand, equal to the CVA/DVA[5] value adjustments made to the valuation of derivative contracts.

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 01.01.2015	Investments as at 06.30.2015	Other Changes-Sales	Depreciation and write-downs as at 06.30.2015	Balance 06.30.2015
Properties	2,621	-	-	(56)	2,565
Electronic machines	6,136	1,829	-	(1,330)	6,635
Office furniture and fittings	927	87	-	(132)	882
Plant and machinery	1,208	91	-	(218)	1,081
TOTAL	**10,892**	**2,007**	**-**	**(1,736)**	**11,163**

(Amounts in € thousand)

Goodwill

As at June 30, 2015, there were no impairment indicators for the goodwill recorded in the Financial Statements; for any further information on the impairment test performed on an annual basis, see the Financial Statements as at December 31, 2014. As at June 30, 2015, the goodwill recorded in the financial statements was made up as follows:

	Amounts as at	
	06.30.2015	*12.31.2014*
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)

[5] CVA= Credit Value Adjustment; DVA = Debt Value Adjustment

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 unamortised 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 rationalise the reorganisation 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 7 July 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 recognised 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 optimisations, enhancements to architecture for application security, and the developments needed to meet the new regulatory requirements.

Intangible assets	Balance 01.01.2015	Investments as at 06.30.2015	Other changes-sales	Amortisation and write-downs as at 06.30.2015	Balance 06.30.2015
Software	6,969	2,229	(61)	(2,238)	6,899
Other intangible assets	1,173	174	-	(216)	1,131
TOTAL	**8,142**	**2,403**	**(61)**	**(2,454)**	**8,030**

(Amounts in € thousand)

Tax Assets and Other Assets

	Amounts as at		*Changes*	
	06.30.2015	*12.31.2014*	*Amount*	*%*
Tax assets				
Current assets	1,956	2,179	(223)	-10.2%
Deferred tax assets	33,917	37,025	(3,108)	-8.4%
Deferred tax assets pursuant to Law 214/2011	4,066	3,839	227	5.9%
Total before IAS 12 offset	*39,939*	*43,043*	*(3,104)*	*-7.2%*
Offsetting with deferred tax liabilities - IAS 12	(25,310)	(24,493)	(817)	3.3%
Total Tax assets	**14,629**	**18,550**	**(3,921)**	**-21.1%**
Other assets				
Items in processing	17,385	9,193	8,192	89.1%
Definitive items not recognised under other items	42,335	53,600	(11,265)	-21.0%
Current receivables not related to the provision of financial services	4,490	4,576	(86)	-1.9%
Tax items other than those included in the item "Tax assets"	128,963	235,072	(106,109)	-45.1%
Prepayments	24,220	15,109	9,111	60.3%
Improvement and incremental expenses incurred on leasehol	7,963	9,081	(1,118)	-12.3%
Other items	119	125	(6)	-4.8%
Total other assets	**225,475**	**326,756**	**(101,281)**	**-31.0%**

(Amounts in € thousand)

The decrease in "Tax assets", equal to €3.9 million, was mainly due to:

- the reduction of "Deferred Tax Assets" by approx. €3.1 million, resulting mainly from the use of Provisions for risks and charges;
- the entry of "Deferred tax liabilities" amounting to €0.8 million, following the revaluation of bond securities held in the Bank's portfolio.

It is also noted that starting with the financial statements ended December 31, 2014, Deferred tax assets are shown in the Balance Sheet net of the relevant Deferred tax liabilities, where the requirements set out in IAS 12 are met.

With respect to "Other assets", a decrease of "Tax items other than those included in the item Tax Assets" was recorded as a result of the use of advance tax paid as substitute tax for stamp duty, substitute tax on other income and withholding tax on interest.

Deposits from banks

	Amounts as at		*Changes*	
	06.30.2015	*12.31.2014*	*Amount*	*%*
Deposits from central banks	-	-	-	-
Deposits from banks				
Current accounts and demand deposits	24,367	89,607	(65,240)	-72.8%
Loans				
Repos	1,411,192	1,337,843	73,349	5.5%
Other liabilities	614	1,118	(504)	-45.1%
Total	**1,436,173**	**1,428,568**	**7,605**	**0.5%**

(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 €17.1 million (€17.3 million as at December 31, 2014), as well as reciprocal current accounts and loans with banks outside the Group of €7.3 million.

As at December 31, 2014, the item also included variation margins for trading in reverse repos received from UniCredit, with a book value of €64.6 million (as at June 30, 2015 the margins were paid to Unicredit and recorded under Loans and receivables with banks).

Repos included €1,278.6 million in transactions effected with UniCredit (€1,256.6 million as at December 31, 2014) and €43.5 million of transactions effected with UniCredit AG Monaco (€27.1 million as at December 31, 2014).

Deposits from customers

Deposits from customers, mainly consisting of current accounts, the Cash Park deposit account and Supersave repos, totalled €15,256.5 million, an increase of 9.6% compared to December 31, 2014.

	Amounts as at		*Changes*	
	06.30.2015	*12.31.2014*	*Amount*	*%*
Current accounts and demand deposits	14,129,672	12,247,454	1,882,218	15.4%
Time deposits	777,921	1,315,731	(537,810)	-40.9%
Loans				
Repos	274,718	281,178	(6,460)	-2.3%
Other liabilities	74,187	70,349	3,838	5.5%
Deposits from customers	**15,256,498**	**13,914,712**	**1,341,786**	**9.6%**

(Amounts in € thousand)

Debt securities in issue

	Amounts as at		*Changes*	
	06.30.2015	*12.31.2014*	*Amount*	*%*
Bonds	**400,000**	**424,710**	**(24,710)**	**-5.8%**

(Amounts in € thousand)

During the first half of 2015, the Bank reimbursed securities in issue for nominal amounts of €1,500 million and €100 million (repurchased for amounts of €1,500 million and USD 70 million in previous years).

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 €0.2 million;
- 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 €3.5 million, which correspond to positive valuations booked under item 20 "Financial assets held for trading";
- the negative valuation of CFDs and futures on indices and interest rates and of CFDs on Forex for €1.7 million.

CFDs 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 underlyings, 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 €104.9 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.

	Amounts as at		Changes	
	30-giu-15	*31-dic-14*	*Amount*	*%*
Legal disputes	**40,880**	**49,650**	**(8,770)**	**-17.7%**
- Pending cases	34,015	36,205	(2,190)	-6.0%
- Claims	6,865	13,445	(6,580)	-48.9%
Staff expenses	**5,894**	**7,805**	**(1,911)**	**-24.5%**
Other	**58,173**	**60,576**	**(2,403)**	**-4.0%**
- Supplementary customer indemnity provision	44,742	44,114	628	1.4%
- Contractual payments and payments under non-competitior	2,289	2,269	20	0.9%
- Tax disputes	7,298	7,298	-	0.0%
- Other provisions	3,844	6,895	(3,051)	-44.2%
Total provisions for risks and charges - other provisions	**104,947**	**118,031**	**(13,084)**	**-11.1%**

(Amounts in € thousand)

Tax liabilities and Other liabilities

	Amounts as at		Changes	
	06.30.2015	*12.31.2014*	*Amount*	*%*
Tax liabilities				
Current liabilities	30,288	33,358	(3,070)	-9.2%
Deferred tax liabilities	25,310	24,493	817	3.3%
Total before IAS 12 offset	*55,598*	*57,851*	*(2,253)*	*-3.9%*
Offsetting with Prepaid tax assets - IAS 12	(25,310)	(24,493)	(817)	3.3%
Total Tax liabilities	**30,288**	**33,358**	**(3,070)**	**-9.2%**
Other liabilities				
Impairment of financial guarantees issued	1,416	1,416	-	0.0%
Items in processing	58,264	42,366	15,898	37.5%
Definitive items not recognised under other items	44,718	33,913	10,805	31.9%
Payables to employees and other personnel	8,540	6,549	1,991	30.4%
Payables to Directors and Statutory auditors	250	212	38	17.9%
Current payables not related to the provision of financial services	25,991	25,075	916	3.7%
Tax items other than those included in the item "Tax liabilities"	64,267	107,717	(43,450)	-40.3%
Social security contributions to be paid	4,772	5,576	(804)	-14.4%
Adjustments for illiquid portfolio items	13,212	15,197	(1,985)	-13.1%
Other items	926	786	140	17.8%
Employee severance pay provision	4,929	4,826	103	2.1%
Total Other Liabilities	**227,285**	**243,633**	**(16,348)**	**-6.7%**

(Amounts in € thousand)

The decrease of €3 million in "Tax liabilities" relates to "Current liabilities" and is attributable to the reduction in payables to tax authorities.

It is also noted that deferred tax liabilities are shown in the Balance Sheet as offsetting Deferred tax assets where the requirements of IAS 12 are met.

With respect to "Other liabilities", a €43.4 million decrease was recorded for "Tax items other than those included in the item Tax liabilities", as a result of lower payables to the tax authorities due to the payment, net of tax advances captured in Other assets, of stamp duty, withholding taxes on interest and substitute tax on other income.

Shareholders' equity

As at June 30, 2015, the Bank's share capital came to €200 million, and was divided into 606,515,733 shares with a par value of €0.33 each. Reserves comprise Share premium reserve, amounting to €1.9 million, the legal reserve amounting to €40 million, the extraordinary reserve amounting to €164.5 million, the reserve for treasury shares to be purchased amounting to €14.9 million and the reserve related to equity-settled plans amounting to €15.7 million.

The Bank does not hold Treasury shares in its portfolio.

Following the Board of Directors' resolution of February 9, 2015, for the execution of the "2014 Key People Plan" approved by the Shareholders' Meeting of June 5, 2014, the share capital was increased through a bonus issue by an amount of €79,761.00, corresponding to 241,700 ordinary shares, with consequent reduction of the available retained earnings.

The Shareholders' Meeting resolution of April 23, 2015 approved the allocation of profit for the year 2014, amounting to €149.9 million, as follows:

- €7 million to the **Legal reserve**;
- €21.6 million to the **Extraordinary reserve**;
- €121.3 million, equal to €0.2 per share, to the **Shareholders**.

Equity

	Amounts as at		*Changes*	
Item/Amount	*06.30.2015*	*12.31.2014*	*Amount*	*%*
Share capital	200,150	200,070	80	0.0%
Share premium reserve	1,934	1,934	-	-
Reserves				
- Legal reserve	40,030	33,061	6,969	21.1%
- Extraordinary reserve	164,464	142,739	21,725	15.2%
- Other reserves	30,620	22,281	8,339	37.4%
Revaluation reserves	310	2,262	(1,952)	-86.3%
Net Profit (Loss) for the year	93,704	149,907	(56,203)	-37.5%
Total	**531,212**	**552,254**	**(21,042)**	**-3.8%**

(Amounts in € thousand)

OWN FUNDS AND PRUDENTIAL REQUIREMENTS

	Figures as at	
	06.30.2015	*12.31.2014*
Common Equity Tier 1 - CET1	379,806	353,133
Tier 1 Equity	379,806	353,133
Total Own Funds	**379,806**	**353,133**
Total Risk-Weighted Assets	**1,826,493**	**1,850,331**
Common Equity Tier 1 Capital Ratio	20.79%	19.08%
Tier 1 Capital Ratio	20.79%	19.08%
Total Own Funds Capital Ratio	20.79%	19.08%

(Amounts in € thousand)

	Figures as at 06.30.15	
	With intercompany exposures	*Without intercompany exposures**
Tier 1 Equity	379,806	379,806
Exposure for leverage ratio	18,963,186	4,068,612
Financial leverage ratio	2.00%	9.34%

* Does not include intercompany exposures eligible for treatment pursuant to Article 113.6 of the CRR 575/2013, in accordance with Article 429. 7 of the EU Delegated Regulation 2015/62.

Own funds as at June 30, 2015 amounted to a €379.8 million. Own funds and Capital ratios were determined applying the current Supervisory Regulations, in line with Basel III standards.

The leverage ratio was calculated in accordance with EU Delegated Regulation 2015/62 of October 10, 2014. Note that pending authorisation not to include in the exposure measure the exposures that can benefit from the treatment laid down in Article 113, paragraph 6 of CRR 575/2013 as set out in Article 429, paragraph 7 of EU Delegated Regulation 2015/62, the Bank has published two versions of the ratio - with and without intercompany exposures.

INCOME STATEMENT FIGURES

Condensed Income Statement

	1st Half		Changes	
	2015	2014	Amount	%
Net interest	118,104	115,940	2,164	1.9%
Net fee and commission income	124,629	97,029	27,600	28.4%
Net trading, hedging and fair value income	28,073	12,889	15,184	117.8%
Net other expenses/income	(3,089)	1	(3,090)	n.c.
OPERATING INCOME	**267,717**	**225,859**	**41,858**	**18.5%**
Payroll costs	(37,182)	(31,835)	(5,347)	16.8%
Other administrative expenses	(120,535)	(108,564)	(11,971)	11.0%
Recovery of expenses	42,388	37,542	4,846	12.9%
Amortisation, depreciation and impairment losses on intangible an	(4,190)	(3,942)	(248)	6.3%
Operating costs	**(119,519)**	**(106,799)**	**(12,720)**	**11.9%**
OPERATING PROFIT (LOSS)	**148,198**	**119,060**	**29,138**	**24.5%**
Net impairment losses on loans and provisions for guarantees and commitments	(2,694)	(1,291)	(1,403)	108.7%
NET OPERATING PROFIT (LOSS)	**145,504**	**117,769**	**27,735**	**23.6%**
Provisions for risks and charges	(3,929)	(2,951)	(978)	33.1%
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**141,575**	**114,818**	**26,757**	**23.3%**
Income tax for the period	(47,871)	(40,956)	(6,915)	16.9%
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATION	**93,704**	**73,862**	**19,842**	**26.9%**
NET PROFIT (LOSS) FOR THE PERIOD	**93,704**	**73,862**	**19,842**	**26.9%**

(Amounts in € thousand)

Net interest income

The net interest income for the first half of 2015 amounted to €118.1 million, up by 1.9% on the first half of 2014, mainly due to the increase of sales volume and the reduction in the cost of sales that offset the fall in interest income linked to the decline in market interest rates.

Interest income	*1st Half 2015*	*1st Half 2014*	*Changes Amount*	*Changes %*
Financial assets held for trading	1	1	-	0.0%
Available-for-sale financial assets	9,999	4,918	5,081	103.3%
Loans and receivables with banks	98,794	126,181	(27,387)	-21.7%
Loans and receivables with customers	15,992	14,533	1,459	10.0%
Financial assets designated at fair value through profit or	-	5	(5)	-100.0%
Hedging derivatives	3,669	4,084	(415)	-10.2%
Total interest income	**128,455**	**149,722**	**(21,267)**	**-14.2%**

(Amounts in € thousand)

Interest expense	*1st Half 2015*	*1st Half 2014*	*Changes Amount*	*Changes %*
Deposits from banks	(252)	(3,499)	3,247	-92.8%
Deposits from customers	(9,388)	(30,282)	20,894	-69.0%
Debt securities in issue	(711)	-	(711)	-
Other liabilities	-	(1)	1	-100.0%
Total interest expense	**(10,351)**	**(33,782)**	**23,431**	**-69.4%**
Net interest	**118,104**	**115,940**	**2,164**	**1.9%**

(Amounts in € thousand)

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

Breakdown of interest income	*1st Half 2015*	*1st Half 2014*	*Changes Amount*	*Changes %*
Interest income on loans and receivables with b	**98,794**	**126,181**	**(27,387)**	**-21.7%**
- current accounts	884	55,136	(54,252)	-98.4%
- reverse repos	500	457	43	9.4%
- time deposit for compulsory reserves	35	159	(124)	-78.0%
- time deposits	6,453	22,088	(15,635)	-70.8%
- other loans	16	6	10	166.7%
- debt securities	90,906	48,335	42,571	88.1%
Interest income on loans and receivables with c	**15,992**	**14,533**	**1,459**	**10.0%**
- current accounts	2,778	2,289	489	21.4%
- reverse repos	6,855	6,020	835	13.9%
- credit cards	1,829	1,772	57	3.2%
- personal loans	4,468	4,366	102	2.3%
- other loans	62	86	(24)	-27.9%

(Amounts in € thousand)

<u>Interest income on loans and receivables with banks</u> amounted to €98.8 million, decreasing by €27.4 million compared to the same period of the previous year. The decrease in current account interest, equal to €54.3 million, and time deposits, equal to €15.6 million, was mainly due to a fall in volumes and market interest rates; such fall was partly offset by the increase in the interest rate for debt securities, amounting to €42.6 million, as a result of the volume increase due to the investments effected starting from Q2 2014. It should be noted that, starting from April 1, 2014 the liquidity investment policy experienced some changes: specifically, "core" liquidity was invested in UniCredit shares,

whilst the portion of liquidity classified as "non core" was invested in liquid assets or assets readily convertible into cash, such as Government Bonds.

Interest income on loans and receivables with customers amounted to €16 million, showing an increase of 10% thanks to higher interest on "Multiday leverage" securities lending transactions guaranteed by cash and on use of current account credit lines, due to the increase in volumes.

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

	1st Half		*Changes*	
Breakdown of interest expense	*2015*	*2014*	*Amount*	*%*
Interest expense on deposits from banks	**(252)**	**(3,499)**	**3,247**	**-92.8%**
- current accounts	(26)	(176)	150	-85.2%
- demand and collateral deposits	(12)	-	(12)	n.c.
- other loans	(10)	(14)	4	-28.6%
- reverse repos	(204)	(3,309)	3,105	-93.8%
Interest expense on deposits from customers	**(9,388)**	**(30,282)**	**20,894**	**-69.0%**
- current accounts	(2,019)	(9,352)	7,333	-78.4%
- demand and collateral deposits	(25)	(28)	3	-10.7%
- time deposits	(6,437)	(18,994)	12,557	-66.1%
- reverse repos	(907)	(1,908)	1,001	-52.5%

(Amounts in € thousand)

Interest expense on deposits from banks amounted to €0.3 million, down by €3.2 million compared to the same period of the previous year, attributable to lower interest accrued on reverse repos due to the reduction in volumes and changes in market rates.

Interest expense on deposits from customers came in at €9.4 million, down €20.9 million over the same period for the previous year as a result of the reduction of the current account interest rate, coupled with the reduction of volumes and the interest rate for "Cash Park" time deposits. The cost of deposits went from 0.45% in H1 2014 to 0.11% in H1 2015.

The structure of the investments carried out by the Bank contributed to keep a high flow of interest income resulting from the investment of deposits, even against a backdrop of significant reduction of credit spreads and market interest rates. The average lending rate for the investment of all deposits (both on demand and at term) went from 1.96% in H1 2014 to 1.53% in H1 2015.

Income from brokerage and other income

	1st Half		*Changes*	
	2015	*2014*	*Amount*	*%*
Net interest	**118,104**	**115,940**	**2,164**	**1.9%**
Net fee and commission income	124,629	97,029	27,600	28.4%
Net trading, hedging and fair value income	28,073	12,889	15,184	117.8%
Net other expenses/income	(3,089)	1	(3,090)	n.c.
Operating income	**267,717**	**225,859**	**41,858**	**18.5%**

(Amounts in € thousand)

Net fee and commission income

Management reclassification	1st Half 2015	2014	Changes Amount	%
Management, brokerage and consulting services:				
1. securities trading and order collection	46,716	42,599	4,117	9.7%
2. currency trading	(103)	(102)	(1)	1.0%
3. custody and administration of securities	(2,149)	(1,874)	(275)	14.7%
4. placement of securities, investment fund units and segregated accounts	78,233	58,918	19,315	32.8%
6. investment advisory services	(420)	61	(481)	-788.5%
7. distribution of insurance products	10,296	6,748	3,548	52.6%
8. distribution of other products	(93)	(126)	33	-26.2%
Collection and payment services	5,565	5,383	182	3.4%
Holding and management of current/deposit accounts	(1,507)	(3,574)	2,067	-57.8%
Other fee expense personal financial advisors	(13,112)	(12,013)	(1,099)	9.1%
Securities lending	(1,037)	(1,146)	109	-9.5%
Other services	2,240	2,155	85	3.9%
Total	**124,629**	**97,029**	**27,600**	**28.4%**

(Amounts in € thousand)

Net fee and commission income amounted to €124.6 million, increasing by 28.4% 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, as well as from securities trading and order collection commissions, underpinned by market volatility and Customers' appreciation of Fineco's platform.

Net trading, hedging and fair value income is mainly determined from gains realised from the internalisation of securities and CFDs. The increase of €15.2 million is attributable to higher profits deriving from securities trading for €2.8 million, trading in CFDs for €8 million and from exchange differences on assets and liabilities denominated in currency for €4.6 million.

Net other expenses/income showed a decrease that is mainly attributable to higher expenses incurred for transactions with customers.

Operating costs

Breakdown of operating costs	1st Half 2015	2014	Changes Amount	%
Payroll costs	(37,182)	(31,835)	(5,347)	16.8%
Other administrative expenses	(120,535)	(108,564)	(11,971)	11.0%
Recovery of expenses	42,388	37,542	4,846	12.9%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(4,190)	(3,942)	(248)	6.3%
Total operating costs	**(119,519)**	**(106,799)**	**(12,720)**	**11.9%**

(Amounts in € thousand)

Payroll costs	1st Half 2015	1st Half 2014	Changes Amount	Changes %
1) Employees	**(36,661)**	**(30,886)**	**(5,775)**	**18.7%**
- wages and salaries	(23,793)	(21,481)	(2,312)	10.8%
- social security contributions	(6,531)	(5,790)	(741)	12.8%
- employee severance fund	(489)	(390)	(99)	25.4%
- allocation to employee severance pay provision	(51)	(67)	16	-23.9%
- payments to external pension funds:				
a) defined contribution	(1,466)	(1,237)	(229)	18.5%
- costs related to share-based payments	(2,509)	(386)	(2,123)	550.0%
- other employee benefits	(1,822)	(1,535)	(287)	18.7%
2) Other staff	**(71)**	**(51)**	**(20)**	**39.2%**
3) Directors and statutory auditors	**(500)**	**(456)**	**(44)**	**9.6%**
4) Early retirement costs	**-**	**-**	**-**	**n.c.**
5) Recovery of expenses for employees seconded to other companies	**99**	**54**	**45**	**83.3%**
6) Recovery of expenses for employees seconded to the company	**(49)**	**(496)**	**447**	**-90.1%**
Total	**(37,182)**	**(31,835)**	**(5,347)**	**16.8%**

(Amounts in € thousand)

Payroll costs in the first half of 2015 show an increase of 16.8%, due to an increase in staff numbers, which rose from 989 as at June 30, 2014 to 1,046 as at June 30, 2015, as well as to the increase of costs resulting from share-based payments involving own equity instruments due to new incentive plans with execution conditional upon listing.

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

Other administrative expenses and recovery of expenses came in at €78.1 million, up €7.1 million compared to the same period in the previous year, and include costs of €6.3 million resulting from PFA incentive plans.

Other administrative expenses and recovery of expenses	1st Half 2015	1st Half 2014	Changes Amount	Changes %
1) INDIRECT TAXES AND DUTIES	**(45,180)**	**(38,502)**	**(6,678)**	**17.3%**
2) MISCELLANEOUS COSTS AND EXPENSES				
A) Advertising expenses - Marketing and communication	**(12,741)**	**(11,977)**	**(764)**	**6.4%**
Mass media campaigns	(9,608)	(9,283)	(325)	3.5%
Marketing and promotions	(2,989)	(2,617)	(372)	14.2%
Sponsorships	(125)	(58)	(67)	115.5%
Conventions and internal communications	(19)	(19)	-	0.0%
B) Expenses related to credit risk	**(803)**	**(598)**	**(205)**	**34.3%**
Credit recovery expenses	(400)	(369)	(31)	8.4%
Commercial information and company searches	(403)	(229)	(174)	76.0%
C) Expenses related to personnel	**(17,127)**	**(9,155)**	**(7,972)**	**87.1%**
Personnel training	(106)	(259)	153	-59.1%
Car rental and other payroll costs	(21)	(22)	1	-4.5%
Personal financial advisor expenses	(16,722)	(8,532)	(8,190)	96.0%
Travel expenses	(246)	(311)	65	-20.9%
Premises rentals for personnel	(32)	(31)	(1)	3.2%
D) ICT expenses	**(14,111)**	**(13,741)**	**(370)**	**2.7%**
Lease of ICT equipment and software	(1,645)	(2,157)	512	-23.7%
Software expenses: lease and maintenance	(3,255)	(3,001)	(254)	8.5%
ICT communication systems	(1,600)	(1,592)	(8)	0.5%
ICT services: external personnel	(3,221)	(3,327)	106	-3.2%
Financial information providers	(4,390)	(3,664)	(726)	19.8%
E) Consulting and professional services	**(1,575)**	**(5,086)**	**3,511**	**-69.0%**
Consultancy for ordinary operations	(375)	(408)	33	-8.1%
Consultancy for strategy, business development and organisational optimisation	(150)	(2,125)	1,975	-92.9%
Legal expenses	-	(1,315)	1,315	-100.0%
Legal disputes	(1,050)	(1,238)	188	-15.2%
F) Real estate expenses	**(10,113)**	**(10,535)**	**422**	**-4.0%**
Real estate services	(345)	(343)	(2)	0.6%
Repair and maintenance of furniture, machinery, and equipment	(124)	(125)	1	-0.8%
Maintenance of premises	(550)	(528)	(22)	4.2%
Premises rentals	(7,770)	(8,455)	685	-8.1%
Cleaning of premises	(269)	(265)	(4)	1.5%
Utilities	(1,055)	(819)	(236)	28.8%
G) Other functioning costs	**(17,279)**	**(17,397)**	**118**	**-0.7%**
Surveillance and security services	(210)	(185)	(25)	13.5%
Money counting services and transport	(1)	-	(1)	n.c.
Postage and transport of documents	(1,392)	(1,250)	(142)	11.4%
Administrative and logistic services	(7,510)	(7,409)	(101)	1.4%
Insurance	(1,814)	(1,816)	2	-0.1%
Printing and stationery	(270)	(292)	22	-7.5%
Association dues and fees	(5,796)	(5,642)	(154)	2.7%
Other administrative expenses	(286)	(803)	517	-64.4%
H) Adjustments of leasehold improvements	**(1,606)**	**(1,573)**	**(33)**	**2.1%**
I) Recovery of costs	**42,388**	**37,542**	**4,846**	**12.9%**
Recovery of ancillary expenses	158	198	(40)	-20.2%
Recovery of taxes	42,230	37,344	4,886	13.1%
Total	**(78,147)**	**(71,022)**	**(7,125)**	**10.0%**

(Amounts in € thousand)

Indirect taxes and duties net of Recovery of taxes increased by €1.8 million, mainly attributable to the amount of "Tobin Tax" paid by the Bank and related to the increase in the number of brokerage transactions, which generated greater revenues.

Advertising expenses – marketing and communication increased by €0.8 million, due to greater investments in advertising in the period ended June 30, 2015 compared to 2014.

Other administrative expenses net of Indirect taxes and duties, Recovery of taxes and Advertising expenses - marketing and communication increased by €4.5 million and include the €6.3 million in costs for PFA incentive plans and higher expenses for PFAs of €1.9 million, as a result of the stepping up of the hiring activity already started in previous financial years. The increased number of advisors also resulted in higher costs for trade association dues and fees of €0.7 million, mainly owing to the increase in charges for the ENASARCO association and the FIRR termination compensation fund. It is important to note that Other administrative expenses as at June 30, 2014 included €5.2 million linked to the listing project.

Impairment losses on intangible assets relate mainly to the amortisation 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 property, plant and equipment refer to the depreciation applied to electronic machines, plant and machinery, furniture and fittings and did not show any major changes compared to the previous financial year.

Profit (loss) before tax from continuing operations

	1st Half		*Changes*	
	2015	*2014*	*Amount*	*%*
Operating profit (loss)	**148,198**	**119,060**	**29,138**	**24.5%**
Net impairment losses on provisions for guarantees and commitments	(2,694)	(1,291)	(1,403)	108.7%
Net operating profit (loss)	**145,504**	**117,769**	**27,735**	**23.6%**
Provisions for risks and charges	(3,929)	(2,951)	(978)	33.1%
Profit before tax	**141,575**	**114,818**	**26,757**	**23.3%**

(Amounts in € thousand)

The increase of Net write-downs of loans and provisions for guarantees and commitments in H1 2015 compared to H1 2014, equal to €1.4 million, is due by €1.2 to write-downs of exposures to some customers who had opened leveraged positions on the Forex market, incurring in a loss greater than the guaranteed margin as a result of the extraordinary fall of the Euro versus the Swiss Franc recorded on January 15, 2015.

Net provisions for risks and charges increased by €1 million compared to June 30, 2014, mainly attributable to the allocation of €3 million, for the ex-ante contributions to the Single Resolution Fund, partially offset by lower provisions for legal disputes and claims.

Profit (loss) before tax from continuing operations amounted to a profit of €141.6 million, increasing by 23.3% on the first half of 2014, due to the positive contribution from Net fee and commission income, owing to the increase in commission income deriving from assets under management and securities trading and order collection activity for financial instruments and Net trading, hedging and fair value income, owing to greater profits earned on securities trading and trading in CFDs and exchange differences on assets and liabilities in currency.

Net fee and commission income and net trading, hedging and fair value income largely offset the increase in Payroll costs, due an increase in the number of employees, and that of costs resulting from share-based payments involving own equity instruments, as well as the increase in Other administrative expenses and recovery of expenses, mainly linked to the cost of the new PFA incentive plans and higher PFA expenses as a result of increased hiring that had already started in previous financial years.

Income tax for the period

Breakdown of taxes for the year	*1st Half* 2015	*1st Half* 2014	*Changes* Amount	*Changes* %
Current IRES income tax charges	(33,959)	(29,025)	(4,934)	17.0%
Current IRAP corporate tax charges	(8,735)	(7,591)	(1,144)	15.1%
Adjustment to current tax of prior years	-	(1,900)	1,900	-100.0%
Total current taxes	**(42,694)**	**(38,516)**	**(4,178)**	**10.8%**
Change in deferred tax assets	(4,327)	(1,550)	(2,777)	n.c.
Change in deferred tax liabilities	(627)	(667)	40	-6.0%
Total deferred tax liabilities	**(4,954)**	**(2,217)**	**(2,737)**	**123.5%**
Gain from substitute tax exemption	(223)	(223)	-	-
Income tax for the period	**(47,871)**	**(40,956)**	**(6,915)**	**16.9%**

(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.

Current taxes were determined applying an IRES income tax rate of 27.5% and an IRAP corporate tax rate of 5.57%.

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 recognised following the merger of UniCredit Xelion Sim into UniCredit Xelion Banca S.p.A..

The redeemed goodwill may be amortised 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 amortisation, corresponding to €4 million, was recognised in the accounts. A tenth of this amount will be recognised through profit or loss for each year of the tax deduction of tax-related amortisation 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

The net profit for the period amounted to €93.7 million, an increase of 26.9% over the previous year, thanks to an increase in Net fee and commission income and Net trading, hedging and fair value income, which largely offset the increase of Payroll costs and Other administrative expenses mainly due to incentive plan-related costs.

RELATED-PARTY TRANSACTIONS

In order to always ensure compliance with applicable legal and regulatory provisions about corporate disclosure on transactions with related parties, during the Board of Directors' Meeting of May 15, 2014 and with the prior positive opinion of the Audit and Related Parties Committee and the Board of Statutory Auditors, FinecoBank approved the adoption of procedures aimed at regulating transactions with related parties and associated persons ("Procedures for managing transactions with subjects in conflict of interest").

The aforementioned procedures include the provisions to be complied with when managing:

- Related-Party transactions pursuant to the Consob Regulation adopted by resolution 17221 of March 12, 2010 as amended by resolution 17389 of June 23, 2010;
- Transactions with Associated Persons pursuant to the regulations on "Risk activities and conflicts of interest with 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".

Given that the Bank belongs to the UniCredit Group, the aforementioned Procedures are also base on the "UniCredit Global Policy for managing transactions with subjects in conflict of interest" and the relevant "Global Operational Instructions" issued by UniCredit S.p.A. to subsidiaries within the framework of its management and co-ordination activity.

Considering the above, during the first half of 2015:

1. with the approval of the Board of Directors of January 22, 2015 and following a favourable opinion of the Audit and Related Parties Committee, two significant ordinary transactions were carried out with the related party at market conditions, and, specifically:
   (i) "Framework resolution – Investment of medium-long term liquidity with the Parent Company" with validity up to December 31, 2015, which entails the purchase of UniCredit bonds. Since this transaction was classified for UniCredit as a transaction of "Lesser relevance with a significant amount" under the Global Policy, a favourable, non-binding opinion on the matter was also issued by the Related Parties and Equity Investments Committee of the Parent Company and the Board of Directors of UniCredit on February 11, 2015;
   (ii) medium-long term investment of structural liquidity raised in the period October 1, 2014 – December 31, 2014, perfected with the acquisition of UniCredit bonds issued at market conditions; it was approved by the Parent Company's Related Parties and Equity Investments Committee with the issue of a favourable, non-binding opinion on the matter.

2. with approval of the Board of Directors of March 10, 2015 a Significant Ordinary Transaction at market conditions with UniCredit Bank A.G., consisting in the purchase of "BONOS" Spanish government securities, with an equivalent value of €30 million. The transaction was brought to the attention of the Audit and Related Parties Committee of FinecoBank during the meeting held on March 9, 2015. On April 1, 2015, UniCredit's Related Parties and Equity Investments Committee expressed its favourable, non-binding opinion.

3. with the approval of the Board of Directors' meeting of April 20, 2015, by way of the favourable opinion of the Audit

and Related Parties Committee, an ordinary Significant Transaction at market conditions with UniCredit S.p.A. and UniCredit Bank AG, consisting of a "*Framework Resolution related to the entering into of hedging derivative contracts with the Parent Company or companies in the UniCredit Group"*, for the purpose of entering into hedging derivatives with the Parent Company or with other companies in the UniCredit Group, by virtue of which FinecoBank may implement said transactions, up to April 20, 2016, whose maximum amount is expected to be €500 million with the Parent Company and €900 million with UniCredit Bank AG. On May 6, 2015, UniCredit's Related Parties and Equity Investments Committee expressed its favourable, non-binding opinion.

4. with the approval of the Board of Directors' meeting of May 11, 2015, by way of the favourable opinion of the Audit and Related Parties Committee, an ordinary Significant Transaction at market conditions with UniCredit S.p.A., consisting of a "*Framework Agreement - Reverse Repos and Term Deposits with the Parent Bank*", effective until May 11, 2016, concerning (i) Reverse Repos with the Parent Bank for an amount of €3 billion, calculated as the sum of the individual transactions in absolute value (whether repos or reverse repos) and (ii) Term deposits with the Parent Bank for an amount of €4.5 billion, calculated as the sum of the individual transactions in absolute value. On May 6, 2015, UniCredit's Related Parties and Equity Investments Committee expressed its favourable, non-binding opinion.

5. with the approval of the Board of Directors' meeting of June 18, 2015, by way of the favourable opinion of the Audit and Related Parties Committee, an ordinary Significant Transaction at market conditions with UniCredit Bank AG and Mediobanca S.p.A., consisting of a "Framework Resolution - Securities Trading with Related Party Institutional Counterparties", effective up to June 18, 2016, regarding the trading of financial instruments with related party institutional counterparties, by virtue of which FinecoBank may implement said transactions, whose maximum amount is expected to be €1 billion with UniCredit Bank AG and €500 million with Mediobanca S.p.A. UniCredit's Related Parties and Equity Investments Committee is expected to issue a non-binding opinion on the matter.

In relation to the above transactions, FinecoBank provided simplified disclosure to CONSOB pursuant to Art. 13, paragraph 3, letter c) of CONSOB Regulation 17221/2010.

In the first half of 2015, moreover, no transactions that could significantly affect the Bank's asset situation and results way were initiated.
Intercompany 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.

You are reminded that for the three-year period 2013-2015, FinecoBank opted for the "national tax consolidation" – introduced by Italian Legislative Decree no. 344 of December 12, 2003 – with the Consolidating Company UniCredit.
In accordance with the National Tax Consolidation agreement, participation in the consolidation cannot result in tax advantages for the participating Consolidated Company with respect to the situation that would have arisen if the company had not participated. The consolidation results in the following tax advantages: (i) consolidation adjustment relating to deductible interest expense, considering that the amount of interest expense accrued by entities participating in the national consolidation is fully deductible on the basis of the relationship between the total interest expense (intercompany and outside the group) recognised in the financial statements by the individual subsidiary and

the overall interest expense recognised in the financial statements by all the subsidiaries pursuant to Article 96.5 bis of the Income Tax Code, (ii) tax credits, and withholdings as advances and detractions, are recognised by the Controlling Company and the Controlled Company as a reduction in the IRES income tax amount due when then the latter has a tax loss, and (iii) any tax losses are paid by the Control Company at the IRES income tax rate applicable for the tax period in which the tax losses are realised.

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, valid until the Italian Revenue Agency issued a declaration of receipt of the payment from UniCredit at the end of the collection process, in the event of an unfavourable outcome for the Bank, or until a ruling was issued in favour of the Bank by means of final judgement), 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 2013, 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 2014.

Transactions with Group companies

The Bank is subject to the direction and coordination of UniCredit S.p.A. and, consequently, pursuant to Article 2497 bis, paragraph 4 of the Italian Civil Code. The key figures from the last approved financial statements of UniCredit S.p.A. are provided in Part C – Section 20 of the Notes to the Accounts.

The following table provides a summary of outstanding assets, liabilities, guarantees and commitments as at June 30, 2015 in relation to Group companies.

	Assets	*Liabilities*	*Guarantees and commitments*
Transactions with the Parent Company UniCredit S.p.A.	14,537,337	1,703,043	256,070
Transactions with companies controlled by UniCredit S.p.A.	42,015	70,896	-

(Amounts in € thousand)

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

No atypical and/or unusual transactions were carried out.

For detailed information on transactions with group companies and other related parties see the comments in this regard in Part H of the Notes to the Accounts.

SUBSEQUENT EVENTS AND OUTLOOK

SUBSEQUENT EVENTS

No significant events were recorded after period end.

NUMBER OF TREASURY SHARES OF THE PARENT COMPANY

FinecoBank does not hold treasury shares or shares of the Parent Company, even through other companies or third parties.

OUTLOOK

FinecoBank intends to pursue a strategy aimed at consolidating and further strengthening its competitive positioning on the Italian market of integrated *banking*, *brokerage* and *investing* services, by expanding its PFA network, widening - through innovation - its product and service offering and enhancing advisory activity, in order to meet the increasingly sophisticated needs of a wider customer base.

FinecoBank conducts its business against the background of two trends that are increasingly gaining strength. On one side, the complexity of the financial world increases the demand for advisory services each day, and on the other, the digitalisation of the system is proceeding at an unrelenting pace in Italy and elsewhere. The increased use of mobile devices and the internet offers competitive advantages to a bank such as FinecoBank, which has always focused on technology and, more specifically, on the dual track of a digital platform matched with a network of specialised financial advisors.

A positive reference scenario has been confirmed, also because the stock of household savings has grown even during the most difficult moments of the crisis, remaining at a much higher level than the high level of debt that Italy has accumulated.

The Board of Directors

Milan, July 30, 2015

FinecoBank S.p.A.
Chief Executive Officer and General Manager
Alessandro Foti

FinecoBank S.p.A.
Chairman
Enrico Cotta Ramusino

Bank

Financial Statements

BALANCE SHEET

BALANCE SHEET ASSETS		06.30.2015	12.31.2014
10.	Cash and cash balances	5,617	5,166
20.	Financial assets held for trading	5,463,138	3,053,707
40.	Available-for-sale financial assets	2,238,745,538	1,695,554,562
60.	Loans and receivables with banks	14,582,940,675	13,892,196,843
70.	Loans and receivables with customers	835,822,674	695,594,232
80.	Hedging derivatives	12,705,874	19,246,853
90.	Changes in fair value of portfolio hedged financial assets (+/-)	26,872,804	5,026,907
110.	Property, plant and equipment	11,163,178	10,892,420
120.	Intangible assets	97,632,327	97,743,596
	of which		
	- *goodwill*	*89,601,768*	*89,601,768*
130.	Tax assets	14,628,754	18,550,495
	a) current	*1,955,740*	*2,178,546*
	b) deferred	*12,673,014*	*16,371,949*
	out of which for purposes of Law 214/2011	*4,066,621*	*3,838,902*
150.	Other assets	225,476,469	326,756,231
Total assets		**18,051,457,048**	**16,764,621,012**

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY		06.30.2015	12.31.2014
10.	Deposits from banks	1,436,173,394	1,428,568,269
20.	Deposits from customers	15,256,497,769	13,914,711,969
30.	Debt securities in issue	400,000,000	424,709,661
40.	Financial liabilities held for trading	5,385,793	3,134,683
60.	Hedging derivatives	45,587,870	36,992,811
70.	Changes in fair value of portfolio hedged financial liabilities (+/-)	14,080,568	9,227,504
80.	Tax liabilities	30,288,232	33,358,091
	a) current	*30,288,232*	*33,358,091*
100.	Other liabilities	222,355,233	238,807,723
110.	Provision for employee severance pay	4,929,396	4,825,798
120.	Provisions for risks and charges	104,947,106	118,030,959
	b) other provisions	*104,947,106*	*118,030,959*
130.	Revaluation reserves	309,297	2,261,820
160.	Reserves	235,113,778	198,080,512
170.	Share premium reserve	1,934,113	1,934,113
180.	Share capital	200,150,192	200,070,431
200.	Net Profit (Loss) for the year	93,704,307	149,906,668
Total liabilities and shareholders' equity		**18,051,457,048**	**16,764,621,012**

INCOME STATEMENT

INCOME STATEMENT		*01.01.2015 / 06.30.2015*	*01.01.2014 / 06.30.2014*
10.	Interest income and similar revenues	128,455,308	149,721,822
20.	Interest expenses and similar charges	(10,351,172)	(33,781,342)
30.	**Net interest margin**	**118,104,136**	**115,940,480**
40.	Fee and commission revenues	247,859,060	199,783,545
50.	Fee and commission expenses	(123,230,034)	(102,754,740)
60.	**Net fee and commission income**	**124,629,026**	**97,028,805**
70.	Dividend income and similar revenue	1,675	4,136
80.	Gains (losses) on financial assets and liabilities held for trading	28,298,756	12,867,009
90.	Fair value adjustments in hedge accounting	(227,125)	-
100.	Gains (losses) from disposal or repurchase of:	-	(4,219)
	a) loans and receivables	-	*49,159,044*
	d) financial liabilities	-	*(49,163,263)*
110.	Gains (losses) on financial assets/liabilities designated at fair value through profit and loss	-	18,204
120.	**Operating income**	**270,806,468**	**225,854,415**
130.	Impairment losses/write-backs on:	(2,693,550)	(1,291,395)
	a) loans and receivables	*(2,697,722)*	*(1,330,906)*
	d) other financial assets	*4,172*	*39,511*
140.	**Net profit (loss) from financial activities**	**268,112,918**	**224,563,020**
150.	Administrative costs	(159,110,901)	(138,825,971)
	a) payroll costs	*(37,181,624)*	*(31,834,550)*
	b) other administrative expenses	*(121,929,277)*	*(106,991,421)*
160.	Net provisions for risks and charges	(928,725)	(2,951,402)
170.	Impairment/write-backs on property, plant and equipment	(1,736,447)	(1,607,426)
180.	Impairment/write-backs on intangible assets	(2,453,668)	(2,334,515)
190.	Other net operating income	37,692,484	35,975,064
200.	**Operating costs**	**(126,537,257)**	**(109,744,250)**
240.	Gains (losses) on disposal of investments	15	(421)
250.	**Total profit (loss) before tax from continuing operations**	**141,575,676**	**114,818,349**
260.	Tax expense (income) related to profit or loss from continuing operations	(47,871,369)	(40,955,869)
270.	**Total profit (loss) after tax from continuing operations**	**93,704,307**	**73,862,480**
290.	**Net Profit (Loss) for the period**	**93,704,307**	**73,862,480**

	01.01.2015 / 06.30.2015	*01.01.2014 / 06.30.2014*
Earnings per share (€)	0.15	0.12
Diluted earnings per share (€)	0.15	0.12

Note:

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

	01.01.2015 / 06.30.2015	*01.01.2014 / 06.30.2014*
10. Profit (Loss) for the period	**93,704,307**	**73,862,480**
Other comprehensive income after tax without reclassification through profit or loss		
40. Defined benefit plans	841,760	(1,948,708)
Other comprehensive income after tax with reclassification through profit or loss		
100. Available-for-sale financial assets	(2,794,283)	2,646,189
130. Total of other comprehensive income after tax	**(1,952,523)**	**697,481**
140. Comprehensive income (item 10+130)	**91,751,784**	**74,559,961**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Statement of changes in shareholders' equity as at 06.30.2015

	Balance as at 12.31.2014	Change in opening balance	Balance as at 01.01.2015	Allocation of profit from previous year		Change during the year								Shareholders' equity as at 06.30.15
							Shareholders' equity transactions							
				Reserves	Dividends and other distributions	Changes in reserves	Issues of new shares	Purchase own shares	Distribution of extraordinary divide	Changes in equity instruments	Own share derivatives	Stock options	Comprehensive income as at 06.30.15	
Share capital:														
a) ordinary shares	200,070,431		200,070,431				79,761							200,150,192
b) other shares														
Share premium reserve	1,934,113		1,934,113											1,934,113
Reserves:														
a) from profits	190,922,980		190,922,980	28,603,521			(79,761)							219,446,740
b) other	7,157,532		7,157,532									8,509,506		15,667,038
Revaluation reserves	2,261,820		2,261,820										(1,952,523)	309,297
Equity instruments														
Treasury Shares														
Profit (Loss) for the period	149,906,668		149,906,668	(28,603,521)	(121,303,147)								93,704,307	93,704,307
Equity	552,253,544	-	552,253,544	-	(121,303,147)	-	-	-	-	-	-	8,509,506	91,751,784	531,211,687

The amount of the dividend paid to shareholders in the year 2015, totalling €121,303,146.60, corresponds to €0.2 per share.

The "Stock options" column includes "Stock granting" incentive plans served by FinecoBank shares.

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 as at 06.30.14
							Shareholders' equity transactions							
				Reserves	Dividends and other distributions	Changes in reserves	Issues of new shares	Acquistoazioni proprie	Distribution of extraordinary dividends	Changes in equity instruments	Own share derivatives	Stock options	Comprehensive income as at 06.30.14	
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														
Profit (Loss) for the period	85,215,605		85,215,605	(63,208,562)	(22,007,043)								73,862,480	73,862,480
Equity	419,148,916	-	419,148,916	-	(22,007,043)	-	-	-	-	-	-	-	74,559,961	471,701,834

The dividends paid to shareholders amounted to €20,007,043.09, corresponding to €0.033 per share.

CASH FLOW STATEMENT

Indirect method

A. OPERATING ACTIVITIES	Amount 01.01.15 / 06.30.15	01.01.14 / 06.30.14
1. Operations	**108.978.817**	**77.932.513**
- profit (loss) for the period	93.704.307	73.862.480
- capital gains/losses on financial assets held for trading and on assets/liabilities at fair value through profit and loss	(457.487)	(123.074)
- capital gains/losses on hedging transactions	227.125	-
- net write-offs/write-backs due to impairment	2.853.603	1.514.004
- net write-offs/write-backs on tangible and intangible assets	4.190.115	3.941.941
- provisions and other income/expenses	11.813.217	5.451.351
- duties, taxes and tax credits not paid	13.211.160	13.557.550
- net impairment/write-backs on disposal groups classified as held for sale after tax	-	-
- other adjustments	(16.563.223)	(20.271.739)
2. Cash flows from/used by financial assets	**(1.304.525.698)**	**(7.429.928.774)**
- financial assets held for trading	2.063.461	(1.826.691)
- financial assets designated at fair value through profit or loss	-	3.196.673
- available-for-sale financial assets	(560.777.690)	(1.604.752.040)
- loans and receivables with banks: on demand	-	-
- loans and receivables with banks: other loans and receivables	(704.359.461)	(5.821.434.366)
- loans and receivables with customers	(142.796.395)	(56.544.956)
- other assets	101.344.387	51.432.606
3. Cash flows from/used by financial liabilities	**1.285.259.317**	**(1.298.570.406)**
- deposits from banks: on demand	-	-
- deposits from banks: other liabilities	8.722.042	(616.670.675)
- deposits from customers	1.350.838.398	1.192.830.724
- debt securities in issue	(24.709.661)	(1.900.545.909)
- financial liabilities held for trading	(1.764.102)	(1.190.580)
- financial liabilities at fair value through profit and loss	-	-
- other liabilities	(47.827.360)	27.006.034
Net cash flows from/used in operating activities	**89.712.436**	**(8.650.566.667)**
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	15	128
- sales of intangible assets	-	-
- disposals of businesses	-	-
2. Cash flows used in		
- purchases of equity investments	-	-
- purchases of financial assets held to maturity	-	-
- purchases of tangible assets	(2.007.205)	(2.215.522)
- purchases of intangible assets	(2.402.867)	(2.235.353)
- purchases of businesses		
Net cash flows from/used in investing activities	**(4.410.057)**	**(4.450.747)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- dividends and other distributions	(121.303.147)	(22.007.043)
Net cash flows from/used in financing activities	**(121.303.147)**	**(22.007.043)**
NET LIQUIDITY GENERATED / ABSORBED DURING THE PERIOD	**(36.000.768)**	**(8.677.024.457)**
RECONCILIATION		
Balance Sheet Items		
Cash and cash equivalents at the beginning of the period	1.451.228.954	10.038.098.537
Net liquidity generated/absorbed during the period	(36.000.768)	(8.677.024.457)
Cash and cash equivalents: effect of changes in exchange rates	28.820.845	11.380.044
Cash and cash equivalents at the end of the period	1.444.049.031	1.372.454.124

The term "Cash and cash equivalents" means cash recorded under item 10 of assets "Cash and cash balances" and the equivalent 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

Part B - Balance Sheet

Part C - Income Statement

Part D - Comprehensive Income

Part E - Information on Risks and Hedging Policies

Part F - Shareholders' Equity

Part G - Business Combinations

Part H - Related-Party Transactions

Part I - Share-Based Payments

Part L - Segment reporting

PART A – ACCOUNTING POLICIES

A.1 GENERAL

Section 1 - Statement of compliance with IFRS

These condensed half-year financial statements have been prepared in accordance with the recognition and valuation criteria set out in the International Financial Reporting Standards IAS/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 and pursuant to art. 154-ter, paragraph 3, of the Consolidated Finance Act (TUF, Legislative Decree no. 58 of 02/24/1998).

They are an integral part of the Half-Year Financial Report as required by art. 154-ter, paragraph 2 of the Consolidated Finance Act (TUF, Italian Legislative Decree no. 58 of February 24/2/1998).

As required by paragraph 2 of the said article of the TUF, the Half-Year Financial Report comprises the condensed half-year financial statements, the interim report on operations and the Certification provided for in Art. 154-bis, paragraph 5 of the TUF.

Specifically, the condensed half-year financial statements as at June 30, 2015 comply with the international accounting standard applicable to interim financial reports (IAS 34). Based on paragraph 10 of this standard, the half-year financial statements have been prepared in a condensed form.

The condensed half-year financial statements are subject to limited audit by Deloitte & Touche S.p.A. pursuant to the resolution passed by the Shareholders' Meeting of April 16, 2013.

Section 2 - Preparation criteria

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

The following documents have been used to interpret and support the application of IFRS, even though not all of them have been endorsed by the European Commission:

- Framework for the Preparation and Presentation of Financial Statements issued by the IASB in 2010;
- Implementation Guidance, Basis for Conclusions, IFRICs and any other documents prepared by the IASB or International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretation documents on the application of IFRS in Italy prepared by the *Organismo Italiano di Contabilità* (Italian Accounting Body);
- ESMA (European Securities and Markets Authority) and Consob documents on the application of specific IFRS provisions;
- the documents prepared by the Italian Banking Association (ABI).

The half-year financial statements have been prepared in a condensed form and therefore should be read in conjunction with the annual financial statements prepared for the year ended December 31, 2014.

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 Notes[6], together with the Directors' Report on Operations.

The figures in the financial statements are provided in euros, and in thousands of euros in the Notes, unless otherwise indicated. In accordance with the Bank of Italy Circular 262/2005, items in the Balance Sheet, Income Statement and Statement of Comprehensive Income for which there is no significant information to be disclosed for the reporting period and the previous year, are not provided.

With reference to IAS 1, these condensed half-year financial statements have been prepared on a going concern basis, 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 for the next 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.

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

Section 3 - Subsequent events

No significant events occurred after June 30, 2015 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 July 30, 2015, which authorised their publication.

Section 4 - Other matters

In 2015, the following accounting standards, amendments and interpretations have become effective for reporting periods beginning on or after January 1, 2015:

- Improvements to IFRSs (2011-2013) (EU Regulation 1361/2014).
- IFRIC 21 – Levies (EU Regulation 634/2014).

Where applicable, these accounting standards, amendments and interpretations had no significant impact on the financial position and results of the Bank as at June 30, 2015.

[6] Some of the tables contain the following symbols:
(-) indicates that the item is equal to zero or its amount is less than 1 thousand euros;
"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 European Commission endorsed the following accounting standards whose application is not yet mandatory in preparing the condensed half-year financial statements at June 30, 2015 and which were not applied in advance by the Bank:

- Improvements to IFRSs (2010-2012) (EU Regulation 28/2015).
- Amendments to IAS 19 - Defined benefit plans: employee contributions (Reg. EU 29/2015).

Finally, as at June 30, 2015, the IASB issued the following accounting standards and interpretations or revisions thereof, whose application is subject to completion of the approval process by the European Union, which is still ongoing:

- IFRS 9 - Financial Instruments (July 2014);
- 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 amortisation (May 2014);
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (May 2014)
- Amendments to IAS 27: The equity method in the Separate Financial Statements (August 2014);
- Amendments to IAS 10 and IAS 28: Sale or transfer of assets to a joint venture or associate (September 2014);
- Annual Improvements to International Financial Reporting Standards, 2012-2014 Cycle (September 2014);
- Amendments to IAS 1: Disclosure Initiative (December 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 28: Application of consolidation exception to investment entities (December 2014).

Risks and uncertainties related to the use of estimates

In the application of the accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of certain assets and liabilities as well as the information regarding potential assets and liabilities. Estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances and have been used to estimate the carrying values of assets and liabilities not readily available from other sources.

Estimated figures have been used for the recognition of some of the largest value-based items in the condensed half-year financial statements as at June 30, 2015, as required by the accounting standards and regulations. These estimates are largely based on calculations of future recoverability of the values recognised 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 estimated items.

The processes adopted support the carrying values at June 30, 2015. Valuation is particularly complex given the uncertainty of the macroeconomic and market situation, characterised 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 recognised 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 recognised 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 evolution of domestic and international socio-economic conditions and 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 developments of ongoing or potential litigation.

In this respect, it should be noted that there have been no changes in estimate criteria compared to those applied in the preparation of financial statements for the year ended December 31, 2014

Contributions to guarantee and resolution funds

Finally, please note that European Directive no. 49/2014 relating to the deposit guarantee systems, which is due to be transposed into national law in 2015, introduces significant changes to the previously existing national guarantee funds. As a matter of fact, the new directive – within a framework of substantial legal, organisational and operational continuity – requires the adoption of an "ex ante" contribution mechanism, aimed at establishing a target amount of funds by 2024. The previous guarantee schemes that have operated so far according to an "ex post" system (i.e., involving the payment of contributions to fund individual actions taken in relation to depositors of a bank in difficulty) will therefore be required to adopt an ex-ante funding scheme. These include the National Interbank Deposit Guarantee Fund of which the Bank is a member. In the first half of 2015 no costs were recorded with respect to the above-mentioned Directive, since it had not yet been transposed into national law.

In addition, European Directive no. 59/2014 on recovery and resolution of credit institutions, has introduced a requirement for credit institutions to make payments in order to establish the European Single Resolution Fund, with the aim of establishing a target amount of funds by 2024. The costs recorded during the half year, shown in the item “Other administrative expenses”, totalled €3 million, because Directive 59 had already be substantially transposed in

Italy. The amount recorded corresponds to the estimated annual cost due for 2015 (subject to refinements related to the definition by the competent Authorities of the detailed criteria for the calculation of the contributions).

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 Accounts for the year ended December 31, 2014.

In addition to the information in the said Part A.2 of the Notes to the Accounts for the year ended December 31, 2014, it should be noted that the Bank of Italy has revised the criteria to be applied as of January 1, 2015 for classifying impaired financial assets (see 7th update of Circular no. 272 of July 30, 2008 - "Matrix of accounts" issued by the Bank of Italy on January 20, 2015), in order to align them to the new definitions of Non-Performing Exposures and Forbearance introduced by the European Banking Authority in the "Final Draft Implementing Technical Standards on Supervisory reporting on forbearance and not -performing exposures" (EBA/ITS /2013/03/rev1 24/7/2014). The main novelties are the elimination of the "Doubtful Loans" and "Restructured Loans" categories, and the introduction of the new "Unlikely to pay" category and of the "Forbearance" concept, which cuts through all receivables categories, both performing and impaired.
Consequently, for the purposes of like-for-like comparison, the corresponding figures relating to the previous year have been restated.

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
FinecoBank has not reclassified any financial assets from the "held-for-trading" or the "available-for-sale" portfolios to the loan portfolio.

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 regard to the qualitative information on *fair value*, please refer to the annual Financial Statements as at December 31, 2014 - Part A.4 of the Notes.

Quantitative information

The following tables show a breakdown of the portfolios of financial assets and liabilities designated at fair value according to the above-mentioned levels, 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

Assets/Liabilities designated at fair value through profit and loss	*06.30.2015*			*12.31.2014*		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	3,441	2,003	19	2,125	908	21
2. Financial assets designated at fair value through profit or loss	-	-	-	-	-	-
3. Available-for-sale financial assets	2,238,740	-	-	1,695,550	-	-
4. Hedging derivatives	-	12,706	-	-	19,247	-
5. Property, plant and equipment	-	-	-	-	-	-
6. Intangible assets	-	-	-	-	-	-
Total	**2,242,181**	**14,709**	**19**	**1,697,675**	**20,155**	**21**
1. Financial liabilities held for trading	3,851	1,533	1	1,986	1,146	3
2. Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
3. Hedging derivatives	-	45,588	-	-	36,993	-
Total	**3,851**	**47,121**	**1**	**1,986**	**38,139**	**3**

(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 Annual changes in assets measured at fair value on a recurring basis (level 3)

	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 balance	**21**	**-**	**-**	**-**	**-**	**-**
2. Increases						
2.1 Purchases	1,328	-	-	-	-	-
2.2 Profits recognised in:						
2.2.1 Income Statement	16	-	-	-	-	-
- of which Unrealised gains	1	-	-	-	-	-
2.2.2 Equity			-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-
3. Decreases						
3.1 Sales	(1,340)	-	-	-	-	-
3.2 Redemptions	-	-	-	-	-	-
3.3 Losses recognised in:						
3.3.1 Income Statement	(6)	-	-	-	-	-
- of which Unrealised losses	(3)	-	-	-	-	-
3.3.2 Equity			-	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	-	-
4. Closing balance	**19**	**-**	**-**	**-**	**-**	**-**

(Amounts in € thousand)

Sub-item 2.2.1 Profits through profit and loss and 3.3.1 Losses through profit and loss are included, where present, in Profit and Loss in the following items:

- Item 80: Gains and losses on financial assets and liabilities held for trading;
- Item 110: Gains and losses on financial assets/liabilities at fair value through profit or loss;
- Item 90: Fair value adjustments in hedge accounting.

A.4.5.3 Annual changes in financial liabilities at fair value level 3

	Financial liabilities held for trading	Financial liabilities at fair value through profit and loss	Hedging derivatives
1. Opening balance	**3**	**-**	**-**
2. Increases			
2.1 Issuance	-	-	-
2.2 Losses recognised in:			
2.2.1 Income Statement	1	-	-
- of which Unrealised losses	1	-	-
2.2.2 Equity			-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases			
3.1 Redemptions	-	-	-
3.2 Purchases	-	-	-
3.3 Profits recognised in:			
3.3.1 Income Statement	(3)	-	-
- of which Unrealised gains	(3)	-	-
3.3.2 Equity			-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing balance	**1**	**-**	**-**

(Amounts in € thousand)

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	06.30.2015				12.31.2014			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Held-to-maturity investments	-	-	-	-	-	-	-	-
2. Loans and receivables with banks	14,582,941	-	11,180,215	3,682,132	13,892,197	-	9,907,356	4,373,322
3. Loans and receivables with custom	835,823	-	1	881,878	695,594	-	1	730,740
4. Property, plant and equipment held for investment	2,565	-	-	4,535	2,621	-	-	4,813
5. Non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Total	**15,421,329**	**-**	**11,180,216**	**4,568,545**	**14,590,412**	**-**	**9,907,357**	**5,108,875**
1. Deposits from banks	1,436,173	-	-	1,436,173	1,428,568	-	-	1,428,568
2. Deposits from customers	15,256,498	-	58,386	15,198,589	13,914,712	-	55,191	13,860,288
3. Debt securities in issue	400,000	-	414,972	-	424,710	-	438,958	-
4. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
Total	**17,092,671**	**-**	**473,358**	**16,634,762**	**15,767,990**	**-**	**494,149**	**15,288,856**

(Amounts in € thousand)

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

A.5 DAY-ONE PROFIT/LOSS

Financial instruments are initially recognised 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 recognised 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 the price, resulting in a day-one profit/loss, which is recognised in the income statement only according to 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

	06.30.15	12.31.14
(A) Cash	6	5
(b) Demand deposits with Central Banks	-	-
Total	**6**	**5**

(Amounts in € thousand)

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

Item/Amount	06.30. 15			12.31.14		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance sheet assets						
1. Debt securities	46	-	-	44	-	-
1.1 Structured securities	3	-	-	3	-	-
1.2 Other debt securities	43	-	-	41	-	-
2. Equity Instruments	6	-	17	9	-	17
3. Units in investment funds	-	-	1	-	-	1
4. Loans	-	-	-	-	-	-
4.1 Reverse repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**52**	**-**	**18**	**53**	**-**	**18**
B. Derivative instruments						
1. Financial derivatives	3,389	2,003	1	2,072	908	3
1.1 trading derivatives	3,389	2,003	1	2,072	908	3
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	**3,389**	**2,003**	**1**	**2,072**	**908**	**3**
Total (A+B)	**3,441**	**2,003**	**19**	**2,125**	**908**	**21**

(Amounts in € thousand)

Trading financial derivatives refer to the positive valuation of Forex Contracts for Difference (CFDs), CFDs on indices, CFDs on interest rates and Futures used to hedge CFDs. They amounted to €1,883 thousand (€920 thousand as at December 31, 2014).

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 €3,509 thousand (€2,063 thousand as at December 31, 2014).

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

4.1 Available-for-sale financial assets: product breakdown

Item/Amount	*06.30. 15*			*12.31.14*		
	Level 1	*Level 2*	*Level 3*	*Level 1*	*Level 2*	*Level 3*
1. Debt securities	2,238,740	-	-	1,695,550	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	2,238,740	-	-	1,695,550	-	-
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	**2,238,740**	**-**	**5**	**1,695,550**	**-**	**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 €1,680,020 thousand (€1,685,157 thousand as at December 31, 2014), by the French Government, for a book value of €10,312 thousand (€10,393 thousand as at December 31, 2014) and by the Spanish Government, for a book value of €548,408 thousand (purchased in the first quarter of 2015)

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 €129,400 thousand.

Section 6 - Loans and receivables with banks – Item 60

6.1 Loans and receivables with banks: product breakdown

Type of transaction/Amount	*06.30. 15*				*12.31.14*			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Loans and receivables with Centra	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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	**14,582,941**	**-**	**11,180,215**	**3,682,132**	**13,892,197**	**-**	**9,907,356**	**4,373,322**
1. Loans	**3,692,288**	**-**	**10,166**	**3,682,132**	**4,403,867**	**-**	**30,613**	**4,373,322**
1.1 Current accounts and demand depo	1,237,533	X	X	X	1,476,280	X	X	X
1.2 Time deposits	2,348,650	X	X	X	2,894,321	X	X	X
1.3 Other loans		X	X	X		X	X	X
- Reverse repos	1,505	X	X	X	5,794	X	X	X
- Finance leases	-	X	X	X	-	X	X	X
- Other	104,600	X	X	X	27,472	X	X	X
2. Debt securities	**10,890,653**	**-**	**11,170,049**	**-**	**9,488,330**	**-**	**9,876,743**	**-**
2.1 Structured securities	-	X	X	X	-	X	X	X
2.2 Other debt securities	10,890,653	X	X	X	9,488,330	X	X	X
Total	**14,582,941**	**-**	**11,180,215**	**3,682,132**	**13,892,197**	**-**	**9,907,356**	**4,373,322**

(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 €1,202,220 thousand (€1,450,699 thousand as at December 31, 2014), 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 €144,022 thousand (€131,855 thousand as at December 31, 2014), in addition to time deposits held with UniCredit with a book value of €2,204,628 thousand (€2,762,466 thousand as at December 31, 2014), opened to invest the liquidity raised 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 €10,890,650 (€9,488,327 thousand as at December 31, 2014)
With reference to the increase of UniCredit shares in the portfolio compared with December 31, 2014, it should be noted that, in the first half of 2015, the Bank carried out four liquidity investment transactions, for a total amount of approx. €1,410,000 thousand, through the purchase of UniCredit medium/long-term variable-rate bonds.

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: product breakdown

Type of transaction/Amount	*06.30. 15*						*12.31.14*					
	Book value			*Fair value*						*Fair value*		
	Performing	*Impaired*		L1	L2	L3	*Performing*	*Impaired*		L1	L2	L3
		Purchased	*Other*					*Purchased*	*Other*			
Loans	**828,333**	**-**	**7,489**	**-**	**-**	**881,878**	**691,334**	**-**	**4,259**	**-**	**-**	**730,740**
1. Current accounts	169,916	-	5,510	X	X	X	128,270	-	2,495	X	X	X
2. Reverse repos	179,511	-	249	X	X	X	117,987	-	27	X	X	X
3. Mortgages	-	-	46	X	X	X	-	-	58	X	X	X
4. Credit cards personal loans and wage assignment loans	344,989	-	1,658	X	X	X	344,812	-	1,653	X	X	X
5. Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	133,917	-	26	X	X	X	100,265	-	26	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	**828,334**	**-**	**7,489**	**-**	**1**	**881,878**	**691,335**	**-**	**4,259**	**-**	**1**	**730,740**

(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 06.30.15			NA	FV 12.31.14			NA
	L1	L2	L3	06.30.2015	L1	L2	L3	12.31.2014
A. Financial derivatives	**-**	**12,706**	**-**	**400,000**	**-**	**19,247**	**-**	**889,575**
1) Fair value	-	12,706	-	400,000	-	19,247	-	889,575
2) Cash flows	-	-	-	-	-	-	-	-
3) Net investment in foreigı	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**12,706**	**-**	**400,000**	**-**	**19,247**	**-**	**889,575**

(Amounts in € thousand)

Key:

NA = Notional amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

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

9.1 Changes in fair value of hedged financial assets: breakdown by hedged portfolio

Changes in fair value of hedged financial assets/Amount	*06.30.15*	*12.31.14*
1. Positive changes	**26,873**	**15,641**
1.1 of specific portfolios	26,873	15,641
a) loans and receivables	*26,873*	*15,641*
b) available-for-sale financial assets	-	-
1.2 overall	-	-
2. Negative changes	**-**	**(10,614)**
2.1 of specific portfolios	-	(10,614)
a) loans and receivables	-	*(10,614)*
b) available-for-sale financial assets	-	-
2.2 overall	-	-
Total	**26,873**	**5,027**

(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	*06.30.15*	*12.31.14*
1. Owned assets	**8,598**	**8,271**
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	882	927
d) electronic systems	6,635	6,136
e) other	1,081	1,208
2. Assets under financial lease	**-**	**-**
a) land	-	-
b) buildings	-	-
c) office furniture and fittings	-	-
d) electronic systems	-	-
e) other	-	-
Total	**8,598**	**8,271**

(Amounts in € thousand)

A description of the methods used to calculate depreciation is provided in Section 11 of the income statement.

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

Asset/Amount	*06.30.15*				*12.31.14*			
	Book value	*Fair value*			*Book value*	*Fair value*		
		L1	L2	L3		L1	L2	L3
1. Owned assets	**2,565**	**-**	**-**	**4,535**	**2,621**	**-**	**-**	**4,813**
a) land	-	-	-	-	-	-	-	-
b) buildings	2,565	-	-	4,535	2,621	-	-	4,813
2. Assets under finance lease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	**2,565**	**-**	**-**	**4,535**	**2,621**	**-**	**-**	**4,813**

(Amounts in € thousand)

Section 12 - Intangible assets - Item 120

12.1 Intangible assets: breakdown by type assets

Asset/Amount	*06.30.15*		*12.31.14*	
	Finite life	*Indefinite life*	*Finite life*	*Indefinite life*
A.1 Goodwill	X	89,602	X	89,602
A.2 Other intangible assets	8,030		8,142	
A.2.1 Assets carried at cost:				
a) Intangible assets generated internally	-	-	-	-
b) Other assets	8,030	-	8,142	-
A.2.2 Assets valued at fair value:				
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**8,030**	**89,602**	**8,142**	**89,602**

(Amounts in € thousand)

The useful life of software, considered for the calculation of amortisation, is 3 years, while the useful life of other intangible assets with definite life is 5 years.

Other information - Impairment test

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 recognised in the financial statements it is necessary to take account of the Bank's comprehensive income.

The cash generating unit (CGU) to be considered for the impairment test is therefore the Bank as a whole. 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, so that the personal financial advisors network is an integral part of the overall offering of the Bank, which includes banking, brokerage and investing services, an allocation of costs/revenues for business units is not considered relevant or meaningful.

Under IAS 36, impairment testing of intangible assets with indefinite useful lives must be performed at least annually and, in any case, whenever there is objective evidence of the occurrence of events that may have reduced their value.

As regards the impairment test, at June 30, 2015 there were no indicators of impairment of the goodwill recognised in the financial statements.

A qualitative analysis was conducted of the main assumptions used in the impairment test carried out with reference to December 31, 2014 and, based on the results of those qualitative analyses, the result of the impairment test as at December 31, 2014 was also confirmed with reference to June 30, 2015. For any further information on the impairment test, please see the Financial Statements as at December 31, 2014.

We should also points out that the share price of "FinecoBank" results in a market capitalisation significantly higher than the Bank shareholders’ equity: the market value of the Bank as at June 30, 2015 amounted to €531,212 thousand compared with shareholders’ equity of €4,030,297 thousand.

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

General aspects

The item "Tax assets" amounting to €14,629 thousand comprises:

- "Current tax assets" of €1,956 thousand;

and

- "Deferred tax assets" of €12,673 thousand; Deferred tax assets are shown in the balance sheet net of the related deferred tax liabilities; the detail is as follows:
  - "Deferred tax assets" of €34,732 thousand recognised as a balancing entry in the income statement;
  - "Deferred tax assets" of €3,251 thousand as a contra entry of Shareholders' equity, mainly associated with the loss resulting from the assignment of non-performing loans to Aspra Finance S.p.A., merged into UniCredit Credit Management Bank S.p.A., recorded in a negative reserve under shareholders' equity;
  - "Deferred tax liabilities" of -€22,487 thousand recognised as a balancing entry in the income statement;
  - "Deferred tax liabilities" of -€2,823 thousand recognised as a balancing entry of shareholders' equity.

The item "Tax liabilities" amounting to €30,288 thousand, consists exclusively of "Current tax liabilities":

The calculation of the aforementioned asset and liability items was affected by the impact of the adoption of "national tax consolidation" and the application of IAS/IFRS.

With regard to risks arising from tax disputes and audits, there were no with respect to that disclosed in the 2014 annual report.

Current Tax Assets and Liabilities

Asset/Amount	*06.30.15*	*12.31.14*
Current tax assets	1,956	2,178
Current tax liabilities	30,288	33,358

(Amounts in € thousand)

National tax consolidation

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

Prepaid/deferred tax assets/liabilities

In accordance with the law and regulations currently in force:

- the valuation of deferred tax assets for IRES income tax purposes takes into account the expected income figures for future years, according to the decisions made by the competent company bodies;
- the valuation of deferred tax assets for IRAP corporate tax purposes takes place on the basis of the Company's expected income figures for future years, and takes into account changes in the legal context;

- deferred tax liabilities are recognised whenever the relevant requirements are satisfied.

Deferred tax assets and liabilities were determined assuming an IRES income tax rate of 27.5% and an IRAP corporate tax rate of 5.57%.

13.1 Deferred tax assets: breakdown

Asset/Amount	*06.30.15*	*12.31.14*
Allocations through equity	30,666	35,236
Allocations through equity	3,251	1,790
Impairment losses on receivables (of which pursuant to Law 214/2011)	4,066	3,839
Total before IAS 12 offset	**37,983**	**40,865**
Offsetting with deferred tax liabilities - IAS 12	(25,310)	(24,493)
Total	**12,673**	**16,372**

(Amounts in € thousand)

13.2 Deferred tax liabilities: breakdown

Asset/Amount	*06.30.15*	*12.31.14*
Allocations through equity	22,487	21,860
Allocations through equity	2,823	2,633
Total before IAS 12 offset	**25,310**	**24,493**
Offsetting with Prepaid tax assets - IAS 12	(25,310)	(24,493)
Total	**-**	**-**

(Amounts in € thousand)

Section 15 - Other assets - Item 150

15.1 Other assets: breakdown

	06.30.15	*12.31.14*
Items in transit not allocated to relevant accounts	1	6
Items in processing:		
- notes, cheques and other documents	17,372	9,169
- POS and ATM cards	-	8
- other items in processing	13	16
Current receivables not related to the provision of financial services	4,490	4,576
Definitive items not recognised under other items:		
- securities and coupons to be settled	787	13,494
- fees to be charged to customers	25,683	28,240
- other transactions	15,866	11,866
Tax items other than those included in item 130:		
- tax advances	119,031	225,208
- tax credit	9,931	9,850
- tax advances on employee severance indemnities	-	14
Receivables due to disputed items not deriving from lending	119	119
Prepayments	24,220	15,109
Improvement and incremental expenses incurred on leasehold assets	7,963	9,081
Total	**225,476**	**326,756**

(Amounts in € thousand)

LIABILITIES

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

Type of transaction/Amount	*06.30.15*	*12.31.14*
1. Deposits from central banks	-	-
2. Deposits from banks	**1,436,173**	**1,428,568**
2.1 Current accounts and demand deposits	24,367	89,607
2.2 Time deposits	-	-
2.3 Loans	1,411,192	1,337,843
2.3.1 Repos	1,411,192	1,337,843
2.3.2 Others	-	-
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	614	1,118
Total	**1,436,173**	**1,428,568**
Fair value - level 1	**-**	**-**
Fair value - level 2	**-**	**-**
Fair value - level 3	***1,436,173***	***1,428,568***
Total fair value	**1,436,173**	**1,428,568**

(Amounts in € thousand)

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: product breakdown

Type of transaction/Amount	*06.30.15*	*12.31.14*
1. Current accounts and demand deposits	14,129,672	12,247,454
2. Time deposits	777,921	1,315,731
3. Loans	274,718	281,178
3.1 Repos	274,718	281,178
3.2 Others	-	-
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	74,187	70,349
Total	**15,256,498**	**13,914,712**
Fair value - level 1	***-***	***-***
Fair value - level 2	***58,386***	***55,191***
Fair value - level 3	***15,198,589***	***13,860,288***
Total fair value	**15,256,975**	**13,915,479**

(Amounts in € thousand)

Section 3 - Debt securities in issue - Item 30

3.1. Debt securities in issue: product breakdown

Type of transaction/Amount	*06.30.15*				*12.31.14*			
	Book value	*Fair value*			*Book value*	*Fair value*		
		Level 1	*Level 2*	*Level 3*		*Level 1*	*Level 2*	*Level 3*
A. Securities								
1. Bonds	400,000	-	414,972	-	424,710	-	438,958	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	400,000	-	414,972	-	424,710	-	438,958	-
2. Other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**400,000**	**-**	**414,972**	**-**	**424,710**	**-**	**438,958**	**-**

(Amounts in € thousand)

During the first half of 2015, the Bank reimbursed securities in issue for a nominal amount of €1,500,000 thousand and USD 100,000 thousand (repurchased in previous years for a total nominal amount of €1,500,000 thousand and USD 70,000 thousand).

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

No data to report.

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: product breakdown

Type of transaction/Amount	06.30.15					12.31.14				
	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	577	222	-	-	222	576	-	-	-	-
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 Others	-	-	-	-	X	-	-	-	-	X
Total A	**577**	**222**	**-**	**-**	**222**	**576**	**-**	**-**	**-**	**-**
B. Derivative instruments										
1. Financial derivatives	X	3,629	1,533	1	X	X	1,986	1,146	3	X
1.1 Trading derivatives	X	3,629	1,533	1	X	X	1,986	1,146	3	X
1.2 Related to the 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 the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**3,629**	**1,533**	**1**	**X**	**X**	**1,986**	**1,146**	**3**	**X**
Total (A+B)	**X**	**3,851**	**1,533**	**1**	**X**	**X**	**1,986**	**1,146**	**3**	**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, CFDs on interest rates and Futures used to hedge CFDs. They amounted to €1,678 thousand (€1,138 thousand as at December 31, 2014).

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 €3,486 thousand (€1,997 thousand as at December 31, 2014).

Section 6 - Hedging derivatives - Item 60

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

Item/Amount	*Fair value 06.30.15*			*NA*	*Fair value 12.31.14*			*NA*
	L1	*L2*	*L3*	*06.30.2015*	*L1*	*L2*	*L3*	*12.31.2014*
A. Financial derivatives	**-**	**45,588**	**-**	**2,991,889**	**-**	**36,993**	**-**	**2,559,363**
1) Fair value	-	45,588	-	2,991,889	-	36,993	-	2,559,363
2) Cash flows	-	-	-	-	-	-	-	-
3) Net investment in foreigr	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**45,588**	**-**	**2,991,889**	**-**	**36,993**	**-**	**2,559,363**

(Amounts in € thousand)

Key:

NA = Notional amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

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

7.1 Changes to hedged financial liabilities

Changes to hedged financial liabilities/Amounts	*06.30.15*	*12.31.14*
1. Positive changes to financial liabilities	14,081	9,228
2. Negative changes to financial liabilities	-	-
Total	**14,081**	**9,228**

(Amounts in € thousand)

Section 8 – Tax liabilities – Item 80

See section 13 of assets.

Section 10 – Other liabilities – Item 100

10.1 Other liabilities: breakdown

	06.30.15	*12.31.14*
Impairment of financial guarantees issued	1,416	1,416
Accrued expenses other than those to be capitalised for the financial liabilities concerned	168	140
Other liabilities relative to employees	8,520	6,533
Other liabilities relative to other personnel	20	16
Other liabilities due to Directors and Statutory Auditors	250	212
Items in transit not allocated to relevant accounts	2	-
Sums available to be paid to customers	168	244
Items in processing:		
- incoming bank transfers	4,167	985
- outgoing bank transfers	48,798	41,031
- POS and ATM cards	143	132
- other items in processing	5,156	218
Current payables not related to the provision of financial services	25,991	25,075
Definitive items not recognised under other items:		
- securities and coupons to be settled	6,147	18,343
- other items	38,571	15,570
Adjustments for illiquid portfolio items	13,212	15,197
Tax items other than those included a item 80:		
- sums withheld from third parties as withholding agent	21,810	30,615
- other	42,457	77,102
Prepayments	478	403
Social security contributions to be paid	4,772	5,576
Payables for share-based payments	109	-
Total	**222,355**	**238,808**

(Amounts in € thousand)

Section 11 - Provision for employee severance pay - Item 110

The balance of the item "Provision for employee severance pay" at June 30, 2015 amounted to €4,929 thousand (€4,826 thousand at December 31, 2014).

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

Description of the main actuarial assumptions	*06.30.2015*	*12.31.2014*
Discount rate	1.80%	1.60%
Expected inflation rate	1.10%	1.10%

For more information and details on the sensitivities in terms of amount, timing and uncertainty of the cash flows see the Annual Report as at December 31, 2014.

Section 12 - Provisions for risks and charges - Item 120

12.1 - Provisions for risks and charges: breakdown

Item/Amount	*06.30.15*	*12.31.14*
1. Pensions and other post-retirement benefit obligations	-	-
2. Other provisions for risks and charges	104,947	118,031
2.1 legal disputes	40,880	49,650
2.2 staff expenses	5,894	7,805
2.3 other	58,173	60,576
Total	**104,947**	**118,031**

(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 recognised as "Payroll costs".

Other provisions for risks and charges under sub-item 2.3 include the supplementary customer indemnity provision amounting to €44,742 thousand compared with €44,114 thousand as at December 31, 2014.

	06.30.15	*12.31.14*
Legal disputes	**40,880**	**49,650**
- Pending cases	34,015	36,205
- Complaints	6,865	13,445
Staff expenses	**5,894**	**7,805**
Other	**58,173**	**60,576**
- Supplementary customer indemnity provision	44,742	44,114
- Provision for contractual payments and payments under non-competition agreements	2,289	2,269
- Tax disputes	7,298	7,298
- Other provisions	3,844	6,895
Total provisions for risks and charges - other provisions	**104,947**	**118,031**

(Amounts in € thousand)

Provisions for risks and charges	*Total 12.31.2014*	*Uses*	*Transfers and other changes*	*Actuarial Gains (Losses) IAS 19R **	*Provisions ***	*Total 06.30.2015*
Legal disputes	**49,650**	**(8,767)**	**-**	**-**	**(3)**	**40,880**
- Pending cases	36,205	(1,788)	730	-	(1,132)	34,015
- Complaints	13,445	(6,979)	(730)	-	1,129	6,865
Staff expenses	**7,805**	**(3,801)**	**-**	**-**	**1,890**	**5,894**
Other	**60,576**	**(2,675)**	**-**	**(1,107)**	**1,379**	**58,173**
- Supplementary customer indemnity provisio	44,114	(443)	-	(1,107)	2,178	44,742
- Contractual payments and payments under non-competition agree	2,269	-	-	-	20	2,289
- Tax disputes	7,298	-	-	-	-	7,298
- Other provisions	6,895	(2,232)	-	-	(819)	3,844
Total provisions for risks and charges - other provisions	**118,031**	**(15,243)**	**-**	**(1,107)**	**3,266**	**104,947**

(Amounts in € thousand)

* The item "IAS 19R actuarial gains (losses)" includes the actuarial gains (losses) recognised in the item "Revaluation reserves" in application of IAS

** The item "Provisions" includes the costs recognised under "Payroll costs" and "Interest expenses and similar charges".

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	*06.30.2015*	*12.31.2014*
Discount rate	1.80%	1.60%
Salary growth rate	2.60%	2.60%

For more information and details on the sensitivities in terms of amount, timing and uncertainty of the cash flows see the Annual Report as at December 31, 2014.

The **Provision for legal disputes** includes provisions made to cover disputes for damage to customers arising from the unlawful behaviour of the company's personal financial advisors, provisions relating to pending disputes with personal financial advisors and other ongoing court and out-of-court litigation with customers and other parties.

The **Supplementary customer indemnity provision** is accrued to cover the amount of severance indemnity to be paid to the PFA network pursuant to art. 1751 of the Italian Civil Code, in the event of termination of the contract for reasons not attributable to the advisor, such as, for example, when reaching retirement age.
The amount of the obligation at the end of the period was assessed with the aid of an independent actuary.

The **Provision for 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 amount. The related income component is recognised as "Payroll costs".

The **Contractual payments and payments under non-competition agreements** is related to a limited number of personal financial advisors; these payments are contractually provided. More specifically, the non-competition agreement is an extension of the loyalty obligation at the end of the employment contract which protects the Bank from competition from former personal financial advisors; contractual payments are a special indemnity that the Bank agrees to pay to personal financial advisors, who opted to transfer the rights and obligations arising from their contract with the Bank to third parties, where these advisors continue to keep an ethical and professional conduct with the Bank after termination of employment, with specific regard to the client portfolio. The amount of the obligation for contractual payments was assessed with the aid of an independent actuary.

The **Provision for tax disputes** is allocated to cover tax demands received from the Italian Revenue Agency following tax audits carried out on the Bank over the years.
The Bank believes that its tax payments were properly and legitimately calculated and, accordingly, it has appealed in the various stages of the proceedings. However, the current legislation requires that the payments demanded by the Financial Authorities, through tax bills or payment notices, are to be made in advance, both with regard to the higher taxes in dispute and the penalties and interest thereon.
The above provision for risks and charges includes the amounts paid in advance to the Treasury to cover the payments made and expected for penalties and interest, and the expected legal costs to be incurred in the various stages of proceedings.

For more details see Part E – Information on risks and hedging policies – Section 4 – Operational risk – paragraph "Risks arising from tax disputes and audits" of the Notes to the Accounts.

The **Other Provisions** are mainly allocated to cover the risks related to the business and operations of the Bank. The provision specifically includes provisions for marketing and customer loyalty campaigns.

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 €200,150,191.89 fully paid-up, comprising 606,515,733 ordinary shares with a par value of €0.33.

Item/Amount	*06.30.15*	*12.31.14*
1. Share capital	200,150	200,070
2. Share premium reserve	1,934	1,934
3. Reserves	235,114	198,081
- Legal reserve	*40,030*	*33,061*
- Extraordinary reserve	*164,464*	*142,739*
- Other reserves	*30,620*	*22,281*
4. (Treasury Shares)	-	-
5. Revaluation reserves	310	2,262
6. Equity instruments	-	-
7. Net Profit (Loss) for the year	93,704	149,907
Total	**531,212**	**552,254**

(Amounts in € thousand)

Following the Board of Directors' resolution of February 9, 2015, for the execution of the "2014 Key People Plan" approved by the Shareholders' Meeting of June 5, 2014, the share capital was increased through a bonus issue by an amount of €79,761.00, corresponding to 241,700 ordinary shares, with consequent reduction of the available retained earnings.

The shareholders' meeting resolution of April 23, 2015 approved the allocation of profit for the year 2014, amounting to €149,907 thousand, as follows:

- €6,969 thousand to the **legal reserve**;
- €21,635 thousand to the **extraordinary reserve**;
- €121,303 thousand, equal to €0.2 per share, to the **shareholders**;

14.2 Share capital - Number of shares: annual changes

Items/type	*Ordinary*	*Other*
A. Shares outstanding at the beginning of the period		
- 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	241,700	-
- 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	**606,515,733**	**-**
D.1 Treasury shares (+)		-
D.2 Shares outstanding as at the end of the year	-	-
- fully paid	606,515,733	-
- 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 from allocation of profit from previous years: other information

Profit reserves consist of the legal reserve, amounting to €40,030 thousand, the extraordinary reserve, amounting to €164,464 thousand, the reserve for treasury shares to be purchased, amounting to €14,953 thousand and the reserve related to equity-settled plans, for an amount of €15,667 thousand.

Section 15 - Other information

1 Guarantees issued and commitments

Transactions	*06.30.15*	*12.31.14*
1) Financial guarantees given	291,958	292,124
a) Banks	291,361	291,361
b) Customers	597	763
2) Commercial guarantees given	4	4
a) Banks	4	4
b) Customers	-	-
3) Irrevocable commitments to lend funds	453,351	158,159
a) Banks	1,496	-
i) certain to be called on	1,496	-
ii) not certain to be called on	-	-
b) Customers	451,855	158,159
i) certain to be called on	451,855	158,159
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	**745,313**	**450,287**

(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 and the commitment with the National Interbank Deposit Guarantee Fund (FITD), for measures still to be approved, for an amount of €36,713 thousand, net of provisions for commitments and guarantees of €1,416 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	*06.30.15*	*12.31.14*
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	116,875	205,909
6. Loans and receivables with customers	-	-
7. Property, plant and equipment	-	-
Total	**116,875**	**205,909**

(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 €129,400 thousand (€126,717 thousand as at December 31, 2014). 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:

- €1,995 thousand up to twelve months;
- - €362 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 optimising 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 recognised 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 face value of the underlying securities not recognised as assets in the accounts totalled €1,143,693 thousand, broken down as follows:

	Type of securities (Nominal value as at June 30, 2015)		
Securities received on loan from:	*Sold*	*Sold in repos*	*Other purposes*
Banks	-	-	-
Financial companies	1	2,326	-
Insurance	-	-	-
Non-financial companies	-	3,419	-
Other entities	575	1,137,297	75
Total nominal value	**576**	**1,143,042**	**75**

(Amounts in € thousand)

	Type of securities (Fair value as at June 30, 2015)		
Securities received on loan from:	*Sold*	*Sold in repos*	*Other purposes*
Banks	-	-	-
Financial companies	-	2,398	-
Insurance	-	-	-
Non-financial companies	-	4,624	-
Other entities	-	1,397,340	117
Total fair value	**-**	**1,404,362**	**117**

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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 06.30.2015*	*Total 06.30.2014*
1. Financial assets held for trading	1	-	-	1	1
2. Available-for-sale financial assets	9,999	-	-	9,999	4,918
3. Held-to-maturity investments	-	-	-	-	-
4. Loans and receivables with banks	90,906	7,888	-	98,794	126,181
5. Loans and receivables with customers	-	15,992	-	15,992	14,533
6. Financial assets designated at fair value through profit or loss	-	-	-	-	5
7. Hedging derivatives	-	-	3,669	3,669	4,084
8. Other assets	-	-	-	-	-
Total interest income	**100,906**	**23,880**	**3,669**	**128,455**	**149,722**

(Amounts in € thousand)

Interest accrued on impaired assets, relating exclusively to the item Loans and receivables with customers, amounted to €313 thousand (€173 thousand as at June 30, 2014).

1.4 Interest expenses and similar charges: breakdown

Items/Type	*Payables*	*Securities*	*Other transactions*	*Total 06.30.2015*	*Total 06.30.2014*
1. Deposits from central banks	-	-	-	-	-
2. Deposits from banks	(252)	-	-	(252)	(3,499)
3. Deposits from customers	(9,388)	-	-	(9,388)	(30,282)
4. Debt securities in issue	-	(711)	-	(711)	-
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities at fair value through profit and loss	-	-	-	-	-
7. Other liabilities and provisions	-	-	-	-	(1)
8. Hedging derivatives	-	-	-	-	-
Total interest expense	**(9,640)**	**(711)**	**-**	**(10,351)**	**(33,782)**

(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	*06.30.15*	*06.30.14*
(A) guarantees given	32	30
(b) credit derivatives	-	-
(C) management, brokerage and consulting services:	228,953	181,290
1. securities trading	44,550	40,852
2. currency trading	-	-
3. portfolio management	-	-
3.1. individual	-	-
3.2. collective	-	-
4. custody and administration of securities	134	150
5. custodian bank	-	-
6. placement of securities	18,076	13,801
7. reception and transmission of orders	6,997	6,788
8. advisory services	13,223	7,507
8.1. related to investments	13,223	7,507
8.2. related to financial structure	-	-
9. distribution of third-party services:	145,973	112,192
9.1. portfolio management	126,903	100,046
9.1.1 individual	36	75
9.1.2 collective	126,867	99,971
of which maintenance commissions for UCIT units	*125,873*	*99,205*
9.2. insurance products	19,061	12,143
9.3. other products	9	3
(d) collection and payment services	13,974	13,483
(e) securitisation servicing	-	-
(f) factoring	-	-
(g) tax collection services	-	-
(h) management of multilateral trading systems	-	-
(i) management of current accounts	2,542	2,693
(j) other services	2,358	2,288
Total	**247,859**	**199,784**

(Amounts in € thousand)

As of December 31, 2014, maintenance commissions earned by product companies following the placement of units of UCITS are presented in section 9.1.2 "collective portfolio management". For comparison purposes, the commissions for the first half of 2014 have been restated, by an amount of €99,205 thousand.

2.3 Fee and commission expenses: breakdown

Service/Amount	*06.30.15*	*06.30.14*
(A) guarantees received	-	(15)
(b) credit derivatives	-	-
(C) management and brokerage services:	(113,634)	(93,345)
1. securities trading	(4,122)	(3,839)
2. currency trading	(103)	(102)
3. portfolio management:	-	-
3.1 own	-	-
3.2 delegated to third parties	-	-
4. custody and administration of securities	(2,284)	(2,024)
5. placement of financial instruments	-	-
6. cold-calling to offer securities, products and services	(107,125)	(87,380)
(d) collection and payment services	(8,409)	(8,100)
(e) other services	(150)	(149)
(f) securities lending transactions	(1,037)	(1,146)
Total	**(123,230)**	**(102,755)**

(Amounts in € thousand)

SECTION 3 – Dividend income and similar revenue – Item 70

3.1 Dividend income and similar revenue: breakdown

Item/Income	*06.30.15*		*06.30.14*	
	Dividends	*Income from Units in investment funds*	*Dividends*	*Income from Units in investment funds*
A. Financial assets held for trading	2	-	4	-
B. Available-for-sale financial assets	-	-	-	-
C. Financial assets designated at fair value through profit or loss	-	-	-	-
D. Equity investments	-	X	-	X
Total	**2**	**-**	**4**	**-**

(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, 2015

Transaction/Income item	*Unrealised gains (A)*	*Realised gains (B)*	*Unrealised losses (C)*	*Realised losses (D)*	*Net profit (loss) [(A+B)-(C+D)]*
1. Financial assets held for trading	**1**	**57,392**	**(1)**	**(52,667)**	**4,725**
1.1 Debt securities	-	26	(1)	(21)	4
1.2 Equity Instruments	1	57,353	-	(52,646)	4,708
1.3 Units in investment funds	-	13	-	-	13
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**11**	**-**	**-**	**(5)**	**6**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	11	-	-	(5)	6
3. Other financial assets and liabilities: exchange differences	X	X	X	X	**6,545**
4. Derivatives	**3,874**	**22,408**	**(3,897)**	**(14,476)**	**17,023**
4.1 Financial derivatives:	3,874	22,408	(3,897)	(14,476)	17,023
- On debt securities and interest rates	14	699	(19)	(444)	250
- On equity securities and share indices	3,860	20,981	(3,878)	(13,717)	7,246
- On currency and gold	X	X	X	X	9,114
- Other	-	728	-	(315)	413
4.2 Credit derivatives	-	-	-	-	-
Total	**3,886**	**79,800**	**(3,898)**	**(67,148)**	**28,299**

(Amounts in € thousand)

As at June 30, 2014

Transaction/Income item	*Unrealised gains (A)*	*Realised gains (B)*	*Unrealised losses (C)*	*Realised losses (D)*	*Net profit (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)

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

5.1 Fair value adjustments in hedge accounting: breakdown

Income item/Amount	*06.30.15*	*06.30.14*
A. Gains on:		
A.1 Fair value hedging instruments	7,690	179,635
A.2 Hedged asset items (in fair value hedge relationship)	22,180	24,728
A.3 Hedged liability items (in fair value hedge relationship)	211	40,795
A.4 Cash-flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**30,081**	**245,158**
B. Losses on:		
B.1 Fair value hedging instruments	(22,625)	(186,794)
B.2 Hedged asset items (in fair value hedge relationship)	(2,619)	(45,791)
B.3 Hedged liability items (in fair value hedge relationship)	(5,064)	(12,573)
B.4 Cash-flow hedging derivatives	-	-
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(30,308)**	**(245,158)**
C. Fair value adjustments in hedge accounting (A-B)	**(227)**	**-**

(Amounts in € thousand)

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

6.1 Gains (Losses) on disposals/repurchases: breakdown

Item/Income item	*06.30.15*			*06.30.14*		
	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)

Gains and losses on disposals and repurchases at June 30, 2014, amounting to -€4 thousand, referred to the sale to UniCredit of securities issued by it and classified as "*Loans and Receivables*" and the repurchase of securities issued by the Bank and subscribed by UniCredit.

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

No data to report as at June 30, 2015

As at June 30, 2014

Transaction/Income item	*Unrealised gains (A)*	*Realised gains (B)*	*Unrealised losses (C)*	*Realised losses (D)*	*Net profit (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. Financial assets and liabilities in foreign currency: exchange differences	X	X	X	X	**-**
4. Credit and financial derivatives	-	-	-	-	**-**
Total	**-**	**19**	**-**	**(1)**	**18**

(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)*				*06.30.15*	*06.30.14*
	Micro		*Macro*	*Micro*		*Macro*			
	Write-offs	*Other*		*A*	*B*	*A*	*B*		
A. Loans and receivables with banks	-	-	-	-	-	-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-
B. Loans and receivables with custome	(86)	(2,995)	(439)	141	625	-	57	(2,697)	(1,331)
Impaired purchased loans	-	-		-	-	-		-	-
- Loans	-	-	X	-	-	-	X	-	-
- Debt securities	-	-	X	-	-	-	X	-	-
Other loans	(86)	(2,995)	(439)	141	625	-	57	(2,697)	(1,331)
- Loans	(86)	(2,995)	(439)	141	625	-	57	(2,697)	(1,331)
- Debt securities	-	-	-	-	-	-	-	-	-
C. Total	**(86)**	**(2,995)**	**(439)**	**141**	**625**	**-**	**57**	**(2,697)**	**(1,331)**

(Amounts in € thousand)

Key

A = From interest

B = Other write-backs

8.2 Impairment losses on available-for-sale financial assets: breakdown

No data to report.

8.3 Impairment losses on held-to-maturity investments: breakdown

No data to report.

8.4 Net value adjustments for the impairment of other financial assets: breakdown

Transaction/Income item	Impairments (1)			Write-backs (2)				06.30.15	06.30.14
	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	-	-	-	-	4	-	-	4	40
E. Total	**-**	**-**	**-**	**-**	**4**	**-**	**-**	**4**	**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	*06.30.15*	*06.30.14*
1) Employees	**(36,661)**	**(30,886)**
a) wages and salaries	(23,793)	(21,481)
b) social security contributions	(6,531)	(5,790)
c) employee severance fund	(489)	(390)
d) pension costs	-	-
e) allocation to employee severance pay provision	(51)	(67)
f) provision for retirements and similar provisions		
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds		
- defined contribution	(1,466)	(1,237)
- defined benefit	-	-
h) costs related to share-based payments	(2,509)	(386)
i) other employee benefits	(1,822)	(1,535)
2) Other staff	**(71)**	**(51)**
3) Directors and statutory auditors	**(500)**	**(456)**
4) Early retirement costs	**-**	**-**
5) Recovery of expenses for employees seconded to other companies	**99**	**54**
6) Recovery of expenses for employees seconded to the company	**(49)**	**(496)**
Total	**(37,182)**	**(31,835)**

(Amounts in € thousand)

Sub-item h) "costs related to share-based payments", includes costs incurred by FinecoBank in relation to payment agreements based on financial instruments issued by FinecoBank and UniCredit.

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

No data to report.

9.4 Other employee benefits

Type of expense/Amount	*06.30.15*	*06.30.14*
Leaving incentives	(1)	(2)
Medical plan	(490)	(358)
Luncheon vouchers	(449)	(377)
Seniority premiums	-	(247)
Other	(882)	(552)
Total	**(1,822)**	**(1,536)**

(Amounts in € thousand)

9.5 Other administrative expenses: breakdown

	06.30.15	*06.30.14*
1) INDIRECT TAXES AND DUTIES	**(45,180)**	**(38,502)**
2) MISCELLANEOUS COSTS AND EXPENSES		
A) Advertising expenses - Marketing and communication	**(12,741)**	**(11,977)**
Mass media campaigns	(9,608)	(9,283)
Marketing and promotions	(2,989)	(2,617)
Sponsorships	(125)	(58)
Conventions and internal communications	(19)	(19)
B) Expenses related to credit risk	**(803)**	**(598)**
Credit recovery expenses	(400)	(369)
Commercial information and company searches	(403)	(229)
C) Expenses related to personnel	**(17,127)**	**(9,155)**
Personnel training	(106)	(259)
Car rental and other payroll costs	(21)	(22)
Personal financial advisor expenses	(16,722)	(8,532)
Travel expenses	(246)	(311)
Premises rentals for personnel	(32)	(31)
D) ICT expenses	**(14,111)**	**(13,741)**
Lease of ICT equipment and software	(1,645)	(2,157)
Software expenses: lease and maintenance	(3,255)	(3,001)
ICT communication systems	(1,600)	(1,592)
ICT services: external personnel	(3,221)	(3,327)
Financial information providers	(4,390)	(3,664)
E) Consulting and professional services	**(1,575)**	**(5,086)**
Consultancy for ordinary operations	(375)	(408)
Consultancy for strategy, business development and organisational optimisation	(150)	(2,125)
Legal expenses	-	(1,315)
Legal disputes	(1,050)	(1,238)
F) Real estate expenses	**(10,113)**	**(10,535)**
Real estate services	(345)	(343)
Repair and maintenance of furniture, machinery, and equipment	(124)	(125)
Maintenance of premises	(550)	(528)
Premises rentals	(7,770)	(8,455)
Cleaning of premises	(269)	(265)
Utilities	(1,055)	(819)
G) Other functioning costs	**(17,279)**	**(17,397)**
Surveillance and security services	(210)	(185)
Money counting services and transport	(1)	-
Postage and transport of documents	(1,392)	(1,250)
Administrative and logistic services	(7,510)	(7,409)
Insurance	(1,814)	(1,816)
Printing and stationery	(270)	(292)
Association dues and fees	(5,796)	(5,642)
Other administrative expenses	(286)	(803)
H) Ex-ante Contribution to the Single Resolution Fund	**(3,000)**	**-**
Total	**(121,929)**	**(106,991)**

(Amounts in € thousand)

The European directives 49 of 59 of 2014 relating to Deposit Guarantee Schemes (DGS) and Single Resolution Fund (SRF) have become effective from 2015, to accompany the existing deposit protection systems. The costs recorded during the half year, shown in the item 9.5 “Other administrative expenses” point H), totalled €3 million and related to the SRF, because Directive 59 had already be substantially transposed in Italy. The amount recorded corresponds to the estimated annual cost due for 2015 (subject to refinements related to the definition by the competent Authorities of the detailed criteria for the calculation of the contributions).

No costs were recorded related to Directive 49, because it has not yet been transposed in Italy (for more details see Part A - Accounting Policies, Section 4 - Other Matters. "Contributions to guarantee and resolution funds" in these Notes.

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

10.1 Net provisions for risks and charges: breakdown

	06.30.15			*06.30.14*		
	Provisions	*Reallocations*	*Total*	*Provisions*	*Reallocations*	*Total*
Legal disputes	(4,837)	4,840	3	(7,770)	6,710	(1,060)
Supplementary customer indemnity prov	(2,178)	-	(2,178)	(1,856)	-	(1,856)
Other provisions for risks and charges	(21)	1,267	1,246	(38)	3	(35)
Total	**(7,036)**	**6,107**	**(929)**	**(9,664)**	**6,713**	**(2,951)**

(Amounts in € thousand)

SECTION 11 – Impairment/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 profit (loss) 06.30.15 (a+b-c)*	*Net profit (loss) 06.30.2014*
A. Property, plant and equipment					
A.1 Owned	(1,736)	-	-	(1,736)	(1,607)
- Used in the business	(1,680)	-	-	(1,680)	(1,551)
- Held for investment	(56)	-	-	(56)	(56)
A.2 Finance lease	-	-	-	-	
- Used in the business	-	-	-	-	-
- Held for investment	-	-	-	-	-
Total	**(1,736)**	**-**	**-**	**(1,736)**	**(1,607)**

(Amounts in € thousand)

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

12.1 Impairment on intangible assets: breakdown

Asset/Income item	*Amortisation (A)*	*Write-downs for impairment (b)*	*Write-backs (C)*	*Net profit (loss) 06.30.15 (a+b-c)*	*Net profit (loss) 06.30.2014*
A. Intangible assets					
A.1 Owned	(2,454)	-	-	(2,454)	(2,335)
- Generated internally by the Company	-	-	-	-	-
- Other	(2,454)	-	-	(2,454)	(2,335)
A.2 Finance lease					
Total	**(2,454)**	**-**	**-**	**(2,454)**	**(2,335)**

(Amounts in € thousand)

SECTION 13 – Other net operating income – Item 190

13.1 Other operating expenses: breakdown

Type/Amount	*06.30.15*	*06.30.14*
Refunds and allowances	(46)	(127)
Penalties, fines and unfavourable rulings	(3,719)	(628)
Improvements and incremental expenses incurred on leasehold properties	(1,606)	(1,566)
Improvements and incremental expenses incurred on group properties	(1)	(6)
Exceptional write-downs of assets	(416)	(409)
Other operating expense	(67)	(446)
Total	**(5,855)**	**(3,182)**

(Amounts in € thousand)

Exceptional write-downs of assets include costs incurred for credit card fraud of €407 thousand (€396 thousand as at June 30, 2014).

13.2 Other operating income: breakdown

Type/Amount	*06.30.15*	*06.30.14*
Recovery of costs:	42,388	37,542
- ancillary expenses - other	158	198
- taxes	42,230	37,344
Rental income from real estate investments	116	115
Other income from current year	1,043	1,500
Total	**43,547**	**39,157**

(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	*06.30.15*	*06.30.14*
1. Current tax (-)	(42,917)	(36,839)
2. Adjustment to current tax of prior years (+/-)	-	(1,900)
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 (+/-)	(4,327)	(1,550)
5. Changes in deferred tax liabilities (+/-)	(627)	(667)
6. Tax expense for the period (-) (-1+/-2+3+/-4+/-5)	(47,871)	(40,956)

(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 Gae Aulenti

1.3 Key figures for the Parent Company (income statement, balance sheet, structure)

The Bank is subject to management and coordination of UniCredit S.p.A.; therefore, in accordance with Article 2497 bis, paragraph 4 of the Italian Civil Code the key figures of the last approved financial statements of the parent company are provided below:

UniCredit S.p.A. – Reclassified balance sheet as at December 31, 2014

ASSETS	*12.31.2014*
Cash and cash balances	2,325
Financial assets held for trading	16,166
Loans and receivables with banks	21,866
Loans and receivables with customers	220,649
Financial investments	108,026
Hedging instruments	10,468
Property, plant and equipment	2,583
Goodwill	-
Other intangible assets	1
Tax assets	12,047
Non-current assets and disposal groups classified as held for sale	55
Other assets	4,627
Total assets	**398,813**

(Amounts in € million)

LIABILITIES AND SHAREHOLDERS' EQUITY	*12.31.2014*
Deposits from banks	31,703
Deposits from customers and debt securities in issue	282,099
Financial liabilities held for trading	13,020
Financial liabilities at fair value through profit and loss	-
Hedging instruments	11,455
Provisions for risks and charges	2,047
Tax liabilities	224
Liabilities included in disposal groups classified as held for sale	-
Other liabilities	10,092
Shareholders' Equity	48,173
- capital and reserves	*47,369*
- revaluation reserves for available-for-sale financial assets - cash flow hedges - from defined benefit plans	*724*
- net profit (loss)	*80*
Total liabilities and shareholders' equity	**398,813**

(Amounts in € million)

UniCredit S.p.A. – Condensed Income Statement 2014

	12.31.2014
Net interest	4,350
Dividends and other income from equity investments	1,381
Net fee and commission income	3,746
Net trading, hedging and fair value income	439
Net other expenses/income	8
OPERATING INCOME	**9,924**
Payroll costs	(3,158)
Other administrative expenses	(2,883)
Recovery of expenses	602
Amortisation, depreciation and impairment losses on intangible and tangible assets	(134)
Operating costs	**(5,573)**
GROSS OPERATING PROFIT (LOSS)	**4,351**
Net write-downs of loans and provisions for guarantees and commitments	(2,796)
NET OPERATING PROFIT (LOSS)	**1,555**
Provisions for risks and charges	(132)
Integration costs	17
Net income from investments	(939)
GROSS PROFIT (LOSS) FROM CONTINUING OPERATIONS	**501**
Income tax for the year	(421)
Goodwill impairment	-
PROFIT (LOSS) AFTER TAX	**80**

(Amounts in € million)

SECTION 21 - Earnings per share

21.1 Average number of diluted ordinary shares

Basic earnings per share are calculated by dividing the net profit by the average number of ordinary shares outstanding during the first half.

	01.01.2015 / 06.30.2015	*01.01.2014 / 06.30.2014*
Net profit for the period (€ thousands)	93,704	73,862
Average number of outstanding shares	606,475,450	606,274,033
Average number of outstanding shares (including potential ordinary shares with dilution effect)	610,224,010	606,274,033
Basic Earnings Per Share	0.15	0.12
Diluted Earnings Per Share	0.15	0.12

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 organisational 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 the Bank 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 organisational 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.

Organisational structure

The Board of Directors of FinecoBank ("Board") is tasked with setting the strategic policies and the guidelines for the organisational 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 Chief Executive Officer and General Manager 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 Chief Executive Officer and General Manager 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 (Chief Executive Officer and General Manager, Board of Directors, Audit and Related Parties Committee and 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 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 by monitoring the various types of risk 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.

Given the complexity of the Bank's activities and the significant risks involved, the Board of Directors of the Bank decided to establish an Audit and Related Parties Committee to carry out internal control tasks; the committee is made up of non-executive members of the same Board and its task is to carry out adequate investigations to support the Board of Directors in its assessments and decisions on the internal control system and risk management.

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 Matters
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 in line with the Risk Appetite defined by the Board of Directors.

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 2015, 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.

During the period, loans to ordinary customers grew due to an increased number of credit lines approved 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): with this product, customers can obtain a credit line in proportion to the amount of securities they hold. The 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 S.p.A. and the subscription of bonds issued by the latter. In order to optimise the management of short-term liquidity in the first half 2015, FinecoBank also purchased €500 million of Spanish government bonds; these instruments were added to the liquidity reserves of the Bank, consisting of Italian and French government bonds.

FinecoBank also issued and approved the policy "Issuer risk in bonds - Contingency Plan" aimed at defining principles and rules to efficiently and comprehensively evaluate, control and limit the issuer's risk associated with bonds in FinecoBank's banking portfolio. In accordance with the policy, FinecoBank Risk Management monitors a series of indicators to analyse the exposure of the Bank's portfolio to issuer risk; through this analysis it is possible to identify the emergence of abnormal situations and assess the need for corrective actions to avoid deterioration of the portfolio position.

2. Credit Risk Management Policy

2.1 Organisational 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 centralised 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 centre 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 finalise guarantees, if any, linking them to credit facilities 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 specialised, authorised 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 better knowledge of public and private data and on the other hand, with information contained in the Bank of Italy's risk centre.
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 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 cash 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 standardise 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, stored by FinecoBank. During the loan application process, attention is always focused on the possibility of optimising 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 credit 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 impaired loans, unlikely to pay, 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 which 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.

2.3 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 loans

Loans are classified as past-due impaired loans, unlikely to pay 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. 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 reclassification of loans to a category of lower risk exposure is only authorised 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	Unlikely to pay	Past-due impaired loans	Past-due non-impaired loans	Other assets	Total
1. Financial assets held for trading	-	-	-	-	5,438	5,438
2. Available-for-sale financial assets	-	-	-	-	2,238,740	2,238,740
3. Held-to-maturity investments	-	-	-	-	-	-
4. Loans and receivables with banks	-	-	-	-	14,582,941	14,582,941
5. Loans and receivables with customers	3,353	414	3,722	25,717	802,617	835,823
6. Financial assets designated at fair value through pro	-	-	-	-	-	-
7. Financial instruments classified as held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	12,706	12,706
Total June 30, 2015	**3,353**	**414**	**3,722**	**25,717**	**17,642,442**	**17,675,648**
Total December 31, 2014	**3,159**	**457**	**643**	**17,941**	**16,283,415**	**16,305,615**

(Amounts in € thousand)

As at June 30, 2015 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 (Net exposure)
	Gross exposure	Specific impairments	Net exposure	Gross exposure	Portfolio impairments	Net exposure	
1. Financial assets held for trading	-	-	-	X	X	5,438	5,438
2. Available-for-sale financial assets	-	-	-	2,238,740	-	2,238,740	2,238,740
3. Held-to-maturity investments	-	-	-	-	-	-	-
4. Loans and receivables with banks	-	-	-	14,582,941	-	14,582,941	14,582,941
5. Loans and receivables with customers	25,283	(17,794)	7,489	836,326	(7,992)	828,334	835,823
6. Financial assets designated at fair value through pro	-	-	-	X	X	-	-
7. Financial instruments classified as held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	12,706	12,706
Total June 30, 2015	**25,283**	**(17,794)**	**7,489**	**17,658,007**	**(7,992)**	**17,668,159**	**17,675,648**
Total December 31, 2014	**22,498**	**(18,239)**	**4,259**	**16,286,691**	**(7,610)**	**16,301,356**	**16,305,615**

(Amounts in € thousand)

As at June 30, 2015, there were no performing loans to customers renegotiated under collective agreements and no impaired purchased loans.

Renegotiated loans granted by the bank amounted to €198 thousand (net of write-downs), of which €92 thousand and €106 thousand were respectively impaired and performing loans.

Breakdown by maturity of not-impaired past-due loans, amounting to €25,717 thousand (€17,941 thousand as at December 31, 2014), is as follows:

- past due between 1 day and 90 days of €21,551 thousand (€17,644 thousand as at December 31, 2014);
- past due between 90 days and 180 days of €4,166 thousand (€206 thousand as at December 31, 2014);
- there were no past due exposures between 180 days and 1 year (€86 thousand as at December 31, 2014);
- there were no past due exposures over 1 year (€5 thousand as at December 31, 2014);

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	*Gross exposure*	*Specific impairments*	*Macro impairments*	*Net exposure*
A. On-balance sheet exposures				
a) Non-performing loans	-	-	X	-
b) Unlikely to pay	-	-	X	-
c) Past-due impaired loans	-	-	X	-
d) Other assets	14,582,977	X	-	14,582,977
Total A	**14,582,977**	**-**	**-**	**14,582,977**
B. Off-balance sheet exposures				
a) Impaired	-	-	X	-
b) Other	420,105	X	(1,416)	418,689
Total B	**420,105**	**-**	**(1,416)**	**418,689**

(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 €113,291 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	*Gross exposure*	*Specific impairments*	*Macro impairments*	*Net exposure*
A. On-balance sheet exposures				
a) Non-performing loans	18,588	(15,235)	X	3,353
b) Unlikely to pay	1,225	(811)	X	414
c) Past-due impaired loans	5,470	(1,748)	X	3,722
d) Other assets	3,075,075	X	(7,992)	3,067,083
Total A	**3,100,358**	**(17,794)**	**(7,992)**	**3,074,572**
B. Off-balance sheet exposures				
a) Impaired	20	-	X	20
b) Other	509,057	X	-	509,057
Total B	**509,077**	**-**	**-**	**509,077**

(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 €413,355 thousand.

There were no securities lending transactions without a cash guarantee or not collateralised by other securities with customers.

A.1.7 On-balance sheet credit exposures to customers: gross change in impaired exposures:

Source / Categories	*Non-performing loans*	*Unlikely to pay*	*Past-due loans*
A. Opening balance gross exposure	**19,845**	**1,381**	**1,272**
of which: assets sold but not derecognised	-	-	-
B. Increases	**1,855**	**2,050**	**8,728**
B.1 inflows from performing loans	128	200	8,350
B.2 transfers from other categories of impaired exposures	1,642	1,516	-
B.3 Other increases	85	334	378
C. Decreases	**(3,112)**	**(2,206)**	**(4,530)**
C.1 outflows to performing loans	-	(242)	(362)
C.2 de-recognitions	(2,752)	(12)	(3)
C.3 collections	(346)	(375)	(2,557)
C.4 disposals	-	-	-
C.4 a losses on disposal	-	-	-
C.5 transfers to other categories of impaired exposures	-	(1,571)	(1,587)
C.6 other decreases	(14)	(6)	(21)
D. Gross exposure closing balance	**18,588**	**1,225**	**5,470**
of which: assets sold but not derecognised	-	-	-

(Amounts in € thousand)

With regard to the revised criteria to be applied as of January 1, 2015 for classifying impaired financial assets (see 7th update of Circular no. 272 of July 30, 2008 - "Matrix of accounts" issued by the Bank of Italy on January 20, 2015), in order to align them to the new definitions of Non-Performing Exposures introduced by the European Banking Authority in the "Final Draft Implementing Technical Standards on Supervisory reporting on forbearance and non-performing exposures" (EBA/ITS /2013/03/rev1 24/7/2014), gross exposures classified as "doubtful loans" as at December 31, 2014 were reclassified as "Unlikely to pay" for €1,381 thousand and "Past-due loans" for €12 thousand.

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

Source / Categories	*Non-performing loans*	*Unlikely to pay*	*Past-due loans*
A. Total opening impairment	**(16,686)**	**(928)**	**(625)**
of which: assets sold but not derecognised	-	-	-
B. Increases	**(1,679)**	**(642)**	**(1,617)**
B.1 impairment	(868)	(599)	(1,617)
B.1 a losses on disposal	-	-	-
B.2 transfers from other categories of impaired exposures	(803)	(43)	-
B.3 Other increases	(8)	-	-
C. Decreases	**3,130**	**759**	**493**
C.1 write-backs from assessments	246	84	189
C.2 write-backs from recoveries	132	47	71
C.2 a gains on disposal	-	-	-
C.3 de-recognitions	2,752	12	3
C.4 transfers to other categories of impaired exposures	-	616	230
C.5 other decreases	-	-	-
D. Final overall impairment	**(15,235)**	**(811)**	**(1,749)**
of which: assets sold but not derecognised	-	-	-

(Amounts in € thousand)

With regard to the above mentioned revised criteria for classifying impaired financial assets, total write-downs classified as "Doubtful loans" as at December 31, 2014 were reclassified as "Unlikely to pay" for €928 thousand and "Past-due loans" for €8 thousand.

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, Spanish and French governments. The following table shows the face value, the book value and the fair value of these exposures as at June 30, 2015.

	Face value as at 06.30.2015	*Book value as at 06.30.2015*	*Fair value as at 06.30.2015*	*% of financial statement item*
Exposures to the Italian government	**1,580,005**	**1,680,027**	**1,680,027**	
Financial assets held for trading	5	7	7	0.13%
Available-for-sale financial assets	1,580,000	1,680,020	1,680,020	75.04%
Exposures to the Spanish government	**500,000**	**548,408**	**548,408**	
Available-for-sale financial assets	500,000	548,408	548,408	24.50%
Exposures to the French government	**10,000**	**10,312**	**10,312**	
Available-for-sale financial assets	10,000	10,312	10,312	0.46%
Total Sovereign exposures	**2,090,005**	**2,238,747**	**2,238,747**	

(Amounts in € thousand)

The following table shows the sovereign ratings as at June 30, 2015 for countries to which the Bank is exposed as at June 30, 2015, provided by Fitch Ratings, Moody's and Standard & Poor’s.

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

As at June 30, 2015, investments in debt securities issued by sovereign states accounted for 12.4% 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, Spanish 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 organisational 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 Organisation

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

<u>Trading Book</u>

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.

<u>Banking Book</u>

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 exchange rate 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 stabilising 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 1 basis point 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.

The third type of risk is exchange rate 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 value is calculated using valuation techniques that are appropriate for the specific instrument (mark-to-model). This approach involves estimation and judgement 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 utilisation 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

<u>VaR</u>

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 Matters

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 approaches 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, 2015, the daily VaR of the trading book amounted to €221 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 income 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 organisational 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 *1. 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 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 + 200 bp)	Value analysis (Shift - 200 bp)	Value analysis (Shift + 1 bp)	IRVaR*
EUR	(11,031)	12,422	(58)	650
USD	624	(637)	3	8
Other currencies	128	(131)	0	
Total	**(10,279)**	**11,654**	**(55)**	**651**

(Amounts in € thousand)

*1 day holding period, 99% confidence level

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 a negative impact of €10,279 thousand. A shift of -200 basis points showed a positive impact of €11,654 thousand.
The sensitivity analysis on the value of shareholders' equity, which was conducted assuming a shift of + 1 basis point, showed an overall negative impact of €55 thousand.
The interest rate VaR figure for FinecoBank came to approximately €651 thousand.
Total VaR, including the Credit Spread Risk component arising from Italian and Spanish government securities held as investment of liquidity, amounted to €3,577 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, in the same currency, 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 standardised 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, 2015, the daily Forex VaR of the overall portfolio (banking and trading books) was approximately €256 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 the Bank, also due to unexpected future events, is unable to meet its payment obligations or to efficiently match expected cash inflows and outflows.

The different types of liquidity managed by the Bank are as follows:

- funding risk, the Bank may not be able to effectively address any expected or unexpected cash outflows due to the unavailability of funding sources;
- market risk, in liquidating a considerable amount of assets, the Bank may be facing a considerable (and unfavourable) change in price generated by internal or external factors;
- risk of mismatch, the risk generated by a mismatch between the amounts and/or the maturities of cash inflows and outflows;
- contingency risk, future unexpected commitments (credit facilities being drawn down, deposit withdrawals, increase of collateral) may require a higher amount of liquidity compared to that used by the Bank in ordinary operations.

To address its exposure to liquidity risk, the Bank 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.

At the reporting date, there were no "Contingent liquidity and funding needs", such as, for example, accelerated repayment clauses or the issue of additional guarantees relating to a downgrade of the bank.

The key principles

"Fineco Liquidity Policy" approved by the Board of Directors of FinecoBank establishes the managerial autonomy of FinecoBank Treasury and sets forth the principles and rules that the Bank applies to both normal and emergency liquidity management in line with the Group liquidity risk management.

Roles and responsibilities

"Fineco Liquidity Policy" establishes the principles adopted in terms of governance, which envisage the involvement of the Finance, Treasury and Risk Management Departments, in line with the Group's approach.

The operational management of liquidity is carried out by the Finance Department, which ensures effective and efficient management of liquidity in the short and medium/long term, monitoring of liquidity exposure and first-level controls on the management process.

The Risk Control function is responsible for implementing the rules on liquidity risk, the application of selected risk metrics and methodologies and the approval and compliance with risk limits.

To this end, "Fineco Liquidity Policy" explicitly refers to Group rules regarding the implementation of first and second level monitoring, both from a regulatory and management standpoint:

1. Short-term liquidity risk management (operational liquidity), which considers the events that will impact upon the Bank's liquidity position from one day up to one year. The primary objective is to maintain the Bank's capacity to fulfil its ordinary and extraordinary payment obligations while minimising the relevant costs.
2. Structural liquidity risk management (structural risk), which considers the events that will impact upon the Bank's liquidity position over one year. The primary objective is to maintain an adequate ratio between medium/long term liabilities and medium to long-term assets, with a view to avoiding pressures on short-term funding sources (both current and future).
3. Stress tests: Liquidity risk is a low probability, high impact event. Therefore stress testing is a tool to reveal potential vulnerabilities in the Balance Sheet. The Bank uses several scenarios ranging from general market crisis to idiosyncratic crisis, and combinations hereof.

In this context, FinecoBank takes into account all of the assets, liabilities, off-balance sheet positions and present and future events that generate certain or potential cash flows, thereby protecting the Bank from risks related to the transformation of maturity.

Short term liquidity management

Short-term liquidity management aims at ensuring that the Bank remains in a position to fulfil its cash payment obligations always, whether expected or unexpected, focused on the exposure for the first 12 months.

The Bank calculate also the indicator "Cash Horizon" which is a synthetic indicator of the short term liquidity risk levels; this indicator is monitored through the Operative Maturity Ladder, which measures the cash inflows and outflows affecting the monetary base, with details of the main temporal buckets. The Cash Horizon identifies the number of days after which the Bank is no longer able to meet its contractual obligations as expressed in the operative Maturity Ladder, after having exhausted the available Counterbalancing Capacity (i.e. amount of unencumbered securities accepted as collateral by Central Banks or normally accepted by the market).

The objective of the Bank is to guarantee a cash horizon of at least three months.

The Cash Horizon is one of the liquidity metrics included in FinecoBank's Risk Appetite Framework.

Structural liquidity management

The objective of the Bank's structural liquidity management is to maintain an adequate ratio between medium/long term assets and liabilities (generally over one year), with a view to avoiding pressures on short-term funding sources, both current and future. To this end, FinecoBank adopts a prudent approach to its investments of liquidity, taking into account funding maturities.

Liquidity Stress Test

Stress testing is a risk management technique used to evaluate the potential effects of a specific event on an entity's financial position. As a forward looking tool, liquidity stress testing diagnostics the institution's liquidity risk.

Periodically, the Bank uses scenario analysis to evaluate the impact of simultaneous changes in various risk factors, defining an hypothetical and consistent stress event whose assumptions and size are shared and agreed with the parent company’s functions.

Behavioural modelling of Assets and Liabilities

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, what is perceived to be sight maturing in reality shows some stickiness.

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.

FinecoBank Contingency Liquidity Policy

A liquidity crisis is a high impact, low probability event. Therefore, a crisis-mode operating model, that can be activated effectively in case of crisis according to an approved procedure, has been defined in FinecoBank "Contingency Plan for liquidity risk".

The ability to act in time is essential to minimise the potentially disruptive consequences of a liquidity crisis. The analytics of the Stress tests form a valuable tool to identify the expected consequences and to define up front the most suitable actions in a certain crisis scenario. In combination with Early Warning Indicators (EWI) the Bank may be able to reduce the liquidity effects in the initial stages of a crisis.

FinecoBank "Contingency Plan on liquidity risk" has the objective of ensuring effective interventions starting from the very outset of the liquidity crisis, through the clear identification of individuals, powers, responsibilities, communication, and reporting criteria, with a view of increasing significantly the probability of successfully overcoming the state of emergency. This is achieved through:

- activation of extraordinary liquidity governance and operating model;
- consistent communication both internally and to the Group;
- a set of available mitigating liquidity actions;
- a set of early warning indicators that may point towards a developing crisis.

Section 4 - Operational risk

Qualitative information

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

Operational risk definition

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 risks, but excludes 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

In UniCredit Group the operational risk management framework is a combination of policies and procedures for controlling,

measuring and mitigating operational risk within the Group and the subsidiaries. Operational risk policies, applicable to all Group entities, are common principles that define the roles of company bodies and of the risk management function as well as the interactions with other functions involved in the process. 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 operational 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.

Organisational 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 Chief Executive Officer and General Manager.

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 Operational and Pillar II 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 2014, when the most recent validation was completed, 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, Information Security & Fraud Management and the Organisation function aimed at sharing their respective expertise in relation to the projects planned or 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 Chief Executive Officer – 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

UniCredit developed an internal model for measuring the capital requirement. the capital requirement is calculated on the basis of internal loss data, external loss data, scenario loss data and risk indicators.

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 41 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, characterised 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 centralised for all Legal Entities of the Group at the Parent Company.
Risk capital for operational risk used for regulatory purposes as at June 30, 2015, amounted to €59,411 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, 2015, FinecoBank had a provision in place for risks and charges of €40,880 thousand.

Risks arising from tax disputes and audits

Risks arising from tax disputes and audits as at June 30, 2015 relate to:

- notice of assessment for the year 2003 containing an objection to the use of tax credits for €2.3 million, in relation to which the bank has appealed to the Supreme Court as it considers its position to be well-founded. The bank has already paid the additional taxes, penalties and interest due. With regard to this dispute, the higher taxes and the penalties have already been recognised in the income statement with a contra entry in the tax provision and the provision for risks and charges. Furthermore, a tax credit for the amount paid has been recognised;

- notice of assessment for the year 2007 containing an objection to the deduction of costs in relation to a foreign subsidiary for €1.6 million; in relation to this assessment, the bank has appealed to the Provincial Tax Commission as it considers the costs in dispute to be deductible. The judgement of 1st Instance almost totally upheld (86%) the deductibility of costs challenged by the tax authorities. With regard to this dispute, the taxes and penalties have already been recognised in the income statement with a contra entry in the tax provision and the provision for risks and charges;
- tax audit completed in the year 2013 for the years 2008-2011. The following notices of assessment were received by the Bank:

  - year 2008, with reference to an extraordinary transaction of an acquired company; the bank has appealed to the Provincial Tax Commission of Milan as it considers its position to be well-founded;

  - year 2009, with reference to both an extraordinary transaction of an acquired company and to costs considered as non-deductible, the bank appealed to the Provincial Tax Commission of Milan as it considers its position to be well-founded;

  With regard to this tax audit a provision has been allocated, in view of a reasonable settlement of the case, which is characterised by notably misleading and specious arguments.

In light of the foregoing, as at June 30, 2015 FinecoBank had in place provisions that adequately reflect the specific circumstances and are in line with international accounting standards; specifically, a tax provision for a total of €10.1 million and a provision for risks and charges of €7.3 million, for penalties and interest.

Recovery project for Banca delle Marche e Cassa di Risparmio di Ferrara (Carife)

The bodies of the receivership of Banca delle Marche e Cassa di Risparmio di Ferrara presented by Fonspa, requested the intervention of the National Interbank Deposit Guarantee Fund, which FinecoBank participates in according to the amount of deposits covered by the fund.

In support of the recovery project for Banca delle Marche submitted by Fonspa, in July 2014, the Fund approved an intervention, conditional on the search for additional investors to participate in the transaction, in addition to the approval of the recovery plan by the Bank of Italy and the related authorisations to the shareholders, as well as the positive outcome of the Shareholders' Meeting of Banca delle Marche in relation to the capital increase and the related subscription requirements and payment. The intervention approved by the fund would involve the issue of a guarantee (enforceable at the end of the eight years established for the recovery of a portfolio of impaired loans as part of a securitisation) for the maximum amount of €800 million and the assumption of an equity interest for a maximum amount of €100 million, as part of the capital increase of Banca delle Marche (these figures refer to the entire Italian banking system, the cost of which would be allocated to the balance sheets of the individual member banks according to their respective share of the deposits guaranteed). At present the conditions precedent have not yet arisen and no potential investors to participate in the transaction have been identified. As a result, the structure initially envisaged may be subject to change over the coming months.

At the request of the Extraordinary Administrators of Carife, on May 6, 2015 the Fund approved the subscription of a reserved capital increase for €300 million. The effectiveness of the Capital Increase is still conditional on the issue of the ECB authorisation for the Fund to acquire the ownership interest in Carife pursuant to Article 19 of the Consolidated Law on Banking.

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, 2015 operating losses recorded in the accounts amounted to approximately €5.5 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 unauthorised 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.

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;

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 periodically performed 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;
- risk appetite setting 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 Shareholders, 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 is defined consistently with FinecoBank business model and local and Group ICAAP. For this reason, the Risk Appetite is incorporated in the budget process.

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 and positioning, to explicitly specify the main activities of FinecoBank and the Group and their overall risk positioning;
- Regulatory requirements, to include the KPIs required by the Regulatory Authority (e.g., capital requirements, including the Risk Taking Capacity);
- Profitability and risk, to ensure alignment with the budget;
- Control over specific types of risk, to ensure control of all major risks (such as credit, market, operational, liquidity and interest rate risks).

For each of the above mentioned factors, one or more KPIs are identified, in order to quantitatively measure FinecoBank positioning under several respects: absolute values, ratio between comparable measures, sensitivity analysis on defined parameters.

The Targets represent the amount of risk that FinecoBank is willing to take in normal operating conditions in line with its Ambitions. The Targets should be considered as reference thresholds for business development. Triggers are the maximum acceptable deviation from the targets; they are defined to ensure operations under stress within the maximum acceptable level of risk.

Limits are the maximum level of risk that FinecoBank accepts to assume.

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 is respectively carried out by the CRO Department and the CFO Department.

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.
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.
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.
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.
Funding	Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.
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.
Model Risk Category	The MRCs have been introduced at the group level in order to characterise 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.
Banking book	The set of positions other than those included in the regulatory trading book are recorded in the banking book.
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.
Risk Taking Capacity	Ratio between Available Financial Resources and Internal Capital. Includes a prudential buffer (cushion).
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)
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.
RWA - Risk-Weighted Assets	It is the value of on-balance sheet and off-balance sheet risk-weighted assets on the basis of different weighting factors according to the class in which the exposure is classified and its credit quality.

PART F - SHAREHOLDERS' EQUITY

Section 1 - Bank's shareholders' equity

A. Qualitative information

The Bank has made a priority of capital management and allocation on the basis of the risk assumed in order to expand its operations and create value. These activities involve the various planning and control stages and, specifically, the planning, budgeting and monitoring processes (analysis of expected and actual performance, analysis and monitoring of limits, performance analysis and monitoring of capital ratios).

Capital and its allocation are therefore extremely important in defining strategies, since on the one hand it represents the shareholders' investment in the Bank which must be adequately remunerated, on the other hand it is a scarce resource on which there are external limitations imposed by regulatory provisions.

Capital is managed dynamically: the CFO Department prepares the financial plan, monitors capital ratios for regulatory purposes and anticipates the appropriate steps required to achieve goals.

Monitoring refers, on one hand, to both shareholders' equity and the composition of own funds and, on the other hand, to the planning and performance of risk-weighted assets (RWA).

B. Quantitative information

B.1 Bank's shareholders' equity: breakdown

	06.30.15	*12.31.14*
1. Share capital	200,150	200,070
2. Share premium reserve	1,934	1,934
3. Reserves	235,114	198,081
- from profits	219,447	190,923
a) legal	40,030	33,061
b) statutory	-	-
c) treasury shares	-	-
d) other	179,417	157,862
- other	15,667	7,158
4. Equity instruments	-	-
5. (Treasury Shares)	-	-
6. Revaluation reserves	310	2,262
- Available-for-sale financial assets	2,535	5,329
- 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	(2,225)	(3,067)
- Revaluation reserves for	-	-
associates carried at equity	-	-
- Special revaluation laws	-	-
7. Net Profit (Loss) for the year	93,704	149,907
Total	**531,212**	**552,254**

(Amounts in € thousand)

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

Asset/Amount	*06.30.15*		*12.31.14*	
	Positive reserve	*Negative reserve*	*Positive reserve*	*Negative reserve*
1. Debt securities	5,714	(3,179)	5,329	-
2. Equity Instruments	-	-	-	-
3. Units in investment funds	-	-	-	-
4. Loans	-	-	-	-
Total	**5,714**	**(3,179)**	**5,329**	**-**

(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 balance	**5,329**	**-**	**-**	**-**
2. Increases	**692**	**-**	**-**	**-**
2.1 Fair value increases	692	-	-	-
2.2 Reclassification through profit or loss of negative reserv	-	-	-	-
- from impairment	-	-	-	-
- from disposal	-	-	-	-
2.3 Other increases	-	-	-	-
3. Decreases	**(3,486)**	**-**	**-**	**-**
3.1 Fair value reductions	(3,466)	-	-	-
3.2 Impairment losses	-	-	-	-
3.3 Reclassification through profit or loss of positive reserve	(20)	-	-	-
- from disposal	*(20)*	-	-	-
3.4 Other increases	-	-	-	-
4. Closing balance	**2,535**	**-**	**-**	**-**

(Amounts in € thousand)

B.4 Revaluation reserves on defined benefit obligations: annual changes

		Actuarial gains (losses) on defined benefits plans
1.	**Opening balance**	**(3,067)**
2.	**Increases**	**842**
2.1	Fair value increases	842
2.2	Other increases	-
3.	**Decreases**	**-**
3.1	Fair value reductions	-
3.2	Other increases	-
4.	**Closing balance**	**(2,225)**

(Amounts in € thousand)

Section 2 - Own funds and regulatory ratios

1.1 Own founds

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.

Own Funds at June 30, 2015 amounted to €379,806 thousand and were calculated by applying the supervisory regulations in force according to the Basel III regulatory framework.

	06.30.15	*12.31.14*
Common Equity Tier 1 - CET1	379,806	353,133
Additional Tier 1 – AT1	-	-
TIER 2 – T2	-	-
Total Own Funds	**379,806**	**353,133**

(Amounts in € thousand)

1. Common Equity Tier 1 - CET1

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

- share capital of €200,150 thousand, made up of 606,515,733 ordinary shares of a par value of €0.33 each;
- the share premium reserve of €1,934 thousand;
- the legal reserve, the extraordinary reserve and other reserves of €235,114 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 €2,535 thousand, and the negative IAS19 Reserve, amounting to €2,225 thousand;
- the share of profit for the first half of 2015 to be allocated to the reserves, amounting to €17,880 thousand, as provided by the CRR 575/2013, Article 26.2, calculated on the basis of the distribution rate of the previous year. To this end, in the absence of a formal dividend policy, solely for the purpose of calculating own funds at June 30, 2015, retained earnings included in Common Equity Tier 1 were estimated by taking as reference the higher of the dividend calculated on the basis of the distribution rate of the previous year and the dividend calculated on the basis of the average distribution rate of the last three years, as required by Decision (EU) No. 2015/656 of the European Central Bank.

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

• book value of goodwill, net of deferred taxes, amounting to €67,115 thousand;

• other intangible assets, amounting to €8,031 thousand;

• shares of UCIs held in the regulatory trading book for which the underlying exposures have not been identified, amounting to €1 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:

• 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 neutralised for an amount of €2,535 thousand,

• a 80% positive prudential filter, amounting to €2,100 thousand, was applied on the amount of the IAS19 reserve.

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 recognised, in application of the said method. From a regulatory point of view, the supervisory authority ordered the implementation of a prudential filter designed to neutralise 80% of the impact of these amendments

a) Value of liabilities for defined benefits - old IAS 19	(47,754)
b) Value of liabilities for defined benefits - new IAS 19	(51,486)
c) Amount subject to "prudential filter"	(2,225)

(Amounts in € thousand)

With regard to the indications provided in the Bank of Italy Supervisory Bulletin of December 12, 2013 on transitional own funds provisions, relating to the treatment of unrealised gains and losses from exposures to Central Governments classified as "Available-for-sale Financial Assets (AFS) pursuant to IAS 39, FinecoBank exercised the right, provided in Part Two, Chapter 14, Section II, par. 2, last sentence of Circular no. 285 setting out "Supervisory regulations for banks", to fully neutralise the related unrealised gains and losses recognised after December 31, 2009, limited to the debt securities issued by Central Governments of European Union countries. As at June 30, 2015 the net balance of neutralised capital gains and losses amounted to €2,535 thousand.

***2.* Additional Tier 1 – AT1**

No data to report.

***3.* TIER 2 – T2**

No data to report.

B. Quantitative information

	06.30.2015	12.31.2014
A. Common Equity Tier 1 Capital - CET1 before prudential filters	**361,683**	**430,950**
of which CET1 instruments subject to transitional provisions	15,667	-
B. Prudential filters for CET1 (+/-)	-	-
C. CET1 gross of items to be deducted and effects of the transitional regime (A +/- B)	**361,683**	**430,950**
D. Items to be deducted from CET1	**75,145**	**75,884**
E. Transitional regime - Impact on CET1 (+/-)	**(1)**	**(1,933)**
F. Total Common Equity Tier 1 -CET1 (C - D +/- E)	**286,537**	**353,133**
G. Additional Tier 1 - AT1 gross of items to be deducted and effects of the transitional regime	**-**	**-**
of which AT1 instruments subject to transitional provisions	-	-
H. Items to be deducted from AT1	**-**	**-**
I. Transitional regime - Impact on AT1 (+/-)	**-**	**-**
L. Total Additional Tier 1 - AT1 (G - H +/- I)	**-**	**-**
M. Tier 2 - T2 gross of items to be deducted and effects of the transitional regime	**-**	**-**
of which T2 instruments subject to transitional provisions	-	-
No. Items to be deducted from T2	**-**	**-**
O. Transitional regime - Impact on T2 (+/-)	**-**	**-**
P. Total Tier 2 - T2 (M - N +/- O)	**-**	**-**
Q. Total Own Funds (F + L + P)	**286,537**	**353,133**

(Amounts in € thousand)

Reconciliation of Regulatory capital with Carrying amounts

	06.30.2015	12.31.2014
Share capital, issue-premium reserves and other reserves	200,459	400,085
Accumulated other comprehensive income (OCI)	(75,824)	2,262
Profit allocated to reserves	219,447	28,604
Own CET 1 instruments	1,934	(1)
Intangible assets - Goodwill	-	(67,742)
Intangible assets - Other intangible assets	-	(8,142)
Other transitional adjustments to Common Equity Tier 1 Capital	5,713	(1,933)
Common Equity Tier 1 - CET1	**351,729**	**353,133**
Additional Tier 1 – AT1	-	**-**
T1= CET1 + AT1	-	**-**
TIER 2 – T2	-	**-**
Total Own Funds	**351,729**	**353,133**

(Amounts in € thousand)

Changes in Own Funds

	01.01.15 / 06.30.15	01.01.14 / 12.31.14
Common Equity Tier 1 - CET1		
Beginning of period	**353,133**	**316,008**
Instruments and Reserves		
Share capital, issue-premium reserves and other reserves	8,509	7,157
Accumulated other comprehensive income (OCI)	(1,953)	(1,952)
Profit for the period (net of expected dividends)	17,880	28,604
Regulatory adjustments		
Intangible assets - Goodwill	627	1,333
Intangible assets - Other intangible assets	111	(128)
Other transitional adjustments to Common Equity Tier 1 Capital	1,499	(1,933)
Other national filters prior to January 1, 2014	-	4,044
End of period	**379,806**	**353,133**
Additional Tier 1 – AT1		
Beginning of period	**-**	**-**
End of period	**-**	**-**
TIER 2 – T2		
Beginning of period	**-**	**-**
End of period	**-**	**-**
Total Own Funds	**379,806**	**353,133**

(Amounts in € thousand)

The opening balance of the Common Equity Tier 1 Capital for the period Jan 1, 2014/Dec 31, 2014 is the Core Tier 1 Capital as at December 31, 2013. The new rules introduced by the CRR are reflected in the changes recorded by capital items in 2014.

2.2 Capital adequacy

A. Qualitative information

As at June 30, 2015, FinecoBank prudential regulatory requirements were determined by applying the current supervisory regulations of the Basel III Traditional Standardised Approach, except for capital requirements for operational risk, which were calculated using Advanced Measurement Approaches.

According to Basel III supervisory regulations, 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, until December 31, 2017, 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 June 30, 2015, FinecoBank capital requirements according to Basel I amounted to €314,139 thousand; accordingly, 80% of such amount was €251,311 thousand.

Furthermore, in addition to the Common Equity Tier 1 necessary to meet own funds requirements under Article 92 of the CRR, banks are required to hold a capital buffer of 2.5% of the bank's overall risk exposure. With reference to the information in the Supervisory Bulletin of the Bank of Italy no. 12 of December 2013 concerning the transitional and final provisions applicable to capital reserves, for the year 2015 the Bank, as a bank that is part of a banking group, is required to apply a 0.625% capital buffer coefficient; as a result, FinecoBank minimum capital requirements for the year 2015 amounted to:

- Common Equity Tier 1 5.125%;
- Tier 1 capital 6.125%;
- Total capital 8.625%.

As for the qualitative information on the methods used by the Bank for assessing its own funds adequacy to support current and future operations, please refer to Section 1 - Shareholders' Equity of this Part F of the Notes to the Accounts .

B. Quantitative information

Category/Amount	*Non-weighted assets*		*Weighted assets*	
	06.30.2015	*12.31.2014*	*06.30.2015*	*12.31.2014*
A. RISK ASSETS				
A.1 Credit and counterparty risk	**18,572,454**	**17,567,110**	**1,058,771**	**1,051,859**
1. Traditional standardised approach	18,572,454	17,567,110	1,058,771	1,051,859
2. Internal rating method	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisations	-	-	-	-
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**84,702**	**84,149**
B.2 Risk of adjustment of valuation of credit			**209**	**13**
B.3 Regulatory risk			**6**	**-**
B.4 Market risk			**1,792**	**2,281**
1. Traditional standardised approach			1,792	2,281
2. Internal models			-	**-**
3. Concentration risk			-	-
B.5 Operational risk			**59,411**	**61,584**
1. Basic method			-	-
2. Traditional standardised approach			-	-
3. Advanced measurement approach			59,411	61,584
B.6 Other calculation elements			**-**	**-**
B.7 Total prudential requirements			**146,120**	**148,027**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			1,826,493	1,850,331
C.2 Common Equity Tier 1 Capital/Risk-weighted assets (CET1 capital ratio)			20.79%	19.08%
C.3 Tier 1/Risk-weighted assets (Tier 1 capital ratio)			20.79%	19.08%
C.3 Own funds/Risk-weighted assets (Total capital ratio)			20.79%	19.08%

(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%).

Exposure to credit and counterparty risk: breakdown by type of portfolio

Portfolio	*06.30.15 Basel III*		*12.31.14 Basel III*	
	Exposure to credit and counterparty risk	*Risk-weighted assets*	*Exposure to credit and counterparty risk*	*Risk-weighted assets*
Exposures subject to the IRB approach				
Total - IRB approach	-	-	-	-
Exposures subject to the standardised approach				
Exposures to or guaranteed by Central governments and central banks	2,404,820	81,801	1,971,033	89,822
Exposures to or guaranteed by Public Entities	14,991,239	26,343	14,426,384	23,965
Exposures to or guaranteed by Regional governments or local authorities	1	-	1	-
Exposures to or guaranteed by Multilateral development banks	3	-	3	-
Exposures to or guaranteed by International organisations	-	-	-	-
Exposures to or guaranteed by Companies and other entities	135,807	134,168	126,029	124,423
Retail exposures	898,493	673,870	920,738	690,553
Exposures secured by real estate property	263	121	452	197
Exposures in default	7,265	7,496	4,242	4,290
Exhibitions equity instruments	5	5	5	5
Other exposures	134,555	134,550	118,223	118,217
Total - Traditional standardised approach	**18,572,451**	**1,058,354**	**17,567,110**	**1,051,472**
Risk assets - Credit and counterparty risk	**18,572,451**	**1,058,354**	**17,567,110**	**1,051,472**
Exposures to central counterparties in the form of pre-financed contributions to the Guarantee Fund		**417**		**387**
Capital requirement - Credit and counterparty risk		**84,702**		**84,149**

(Amounts in € thousand)

Capital requirement per type of risk and approach used

Type of risk	*Approach used*	*Capital requirements Basel III 06.30.15*	*Capital requirements Basel III 12.31.14*
1. On-balance-sheet risk assets	Traditional standardised approach	55,236	51,608
2. Guarantees issued and commitments to disburse funds	Traditional standardised approach	3,106	3,077
3. Derivative contracts	Current value approach	165	138
4. Securities Financing Transactions	CRM - Comprehensive method with regulatory adjustments for volatility	26,162	29,295
Capital requirements credit and counterparty risk		**84,669**	**84,118**
Capital requirements Exposures to central counterparties in the form of pre-financed contributions to the Guarantee Fund		**33**	**31**
Market risk			
1. Currency exchange rate risk	Traditional standardised approach	981	832
2. Risk position debt securities	Traditional standardised approach	706	1,316
3. Risk position equity instruments	Traditional standardised approach	105	133
4. Position risk commodities	Traditional standardised approach	-	-
Capital requirements - market risk		**1,792**	**2,281**
1. Concentration risk	Traditional standardised approach	-	-
Capital requirements - concentration risk		**-**	**-**
1. Risk of adjustment of valuation of credit	Traditional standardised approach	209	13
Capital requirements - risk of adjustment of valuation of credit		**209**	**13**
1. Regulatory risk	Traditional standardised approach	6	-
Capital requirements - regulatory risk		**6**	**-**
1. Advanced measurement approach	Advanced measurement approach	59,411	61,584
Capital requirements - operational risk		**59,411**	**61,584**
Total capital requirements		**146,120**	**148,027**

(Amounts in € thousand)

2.3 Minimum ratios established by the Bank

Capital adequacy indicators	*06.30.2015*	*Target 2015*	*Trigger 2015*	*Limit 2015*
Common Equity Tier 1 ratio	20.79%	10.00%	8.00%	6.00%
Total capital ratio	20.79%	10.00%	8.625%	8.00%

The Common Equity Tier 1 and the Total Capital Ratio comply with the limits provided in the Risk Appetite Framework approved by the Board of Directors on January 22, 2015.

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 compensation for key management personnel

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 Chief Executive Officer and General Manager, 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.

	06.30.15	*06.30.14*
Fees paid to "Key Management Personnel", Directors and the Board of Statutory Auditors		
a) short-term benefits	2,728	2,049
b) post-employment benefits	143	105
of which: under defined benefit plans	-	-
of which: under defined contribution plans	*143*	*105*
c) other long-term employee benefits	-	6
d) termination benefits	-	-
e) share-based payments	1,721	293
TOTAL	**4,592**	**2,453**

(Amounts in € thousand)

2. Related-Party transactions

With regard to related-party transactions, in the first half of 2015:

- with the approval of the Board of Directors of January 22, 2015 and following a favourable opinion of the Audit and Related Parties Committee, two significant ordinary transactions were carried out with the related party at market conditions, and, specifically:
  - (i) "Framework resolution – Investment of medium-long term liquidity with the Parent Company" with validity up to December 31, 2015, which entails the purchase of UniCredit bonds. Since this transaction was classified for UniCredit as a transaction of "Lesser relevance with a significant amount" under the *Global Policy*, a favourable, non-binding opinion on the matter was also issued by the Related Parties and *Equity* Investments Committee of the Parent Company and the Board of Directors of UniCredit on February 11, 2015;
  - (ii) medium-long term investment of structural liquidity raised in the period October 1, 2014 – December 31, 2014, perfected with the acquisition of UniCredit bonds issued at market conditions; it was approved by the Parent Company's Related Parties and Equity Investments Committee with the issue of a favourable, non-binding opinion on the matter.

- with approval of the Board of Directors of March 10, 2015 a Significant Ordinary Transaction at market conditions with UniCredit Bank A.G., consisting in the purchase of "BONOS" Spanish government securities, with an equivalent value of €30 million. The transaction was brought to the attention of the Audit and Related Parties

Committee of FinecoBank during the meeting held on March 9, 2015. On April 1, 2015, UniCredit's Related Parties and Equity Investments Committee expressed its favourable, non-binding opinion.

- with the approval of the Board of Directors' meeting of April 20, 2015, by way of the favourable opinion of the Audit and Related Parties Committee, an ordinary Significant Transaction at market conditions with UniCredit S.p.A. and UniCredit Bank AG, consisting of a "*Framework Resolution related to the entering into of hedging derivative contracts with the Parent Company or companies in the UniCredit Group"*, for the purpose of entering into hedging derivatives with the Parent Company or with other companies in the UniCredit Group, by virtue of which FinecoBank may implement said transactions, up to April 20, 2016, whose maximum amount is expected to be €500 million with the Parent Company and €900 million with UniCredit Bank AG. On May 6, 2015, UniCredit's Related Parties and Equity Investments Committee expressed its favourable, non-binding opinion.

- with the approval of the Board of Directors' meeting of May 11, 2015, by way of the favourable opinion of the Audit and Related Parties Committee, an ordinary Significant Transaction at market conditions with UniCredit S.p.A., consisting of a "*Framework Agreement - Reverse Repos and Term Deposits with the Parent Bank*", effective until May 11, 2016, concerning (i) Reverse Repos with the Parent Bank for an amount of €3 billion, calculated as the sum of the individual transactions in absolute value (whether repos or reverse repos) and (ii) Term deposits with the Parent Bank for an amount of €4.5 billion, calculated as the sum of the individual transactions in absolute value. On May 6, 2015, UniCredit's Related Parties and Equity Investments Committee expressed its favourable, non-binding opinion.

- with the approval of the Board of Directors' meeting of June 18, 2015, by way of the favourable opinion of the Audit and Related Parties Committee, an ordinary Significant Transaction at market conditions with UniCredit Bank AG and Mediobanca S.p.A., consisting of a "Framework Resolution - Securities Trading with Related Party Institutional Counterparties", effective up to June 18, 2016, regarding the trading of financial instruments with related party institutional counterparties, by virtue of which FinecoBank may implement said transactions, whose maximum amount is expected to be €1 billion with UniCredit Bank AG and €500 million with Mediobanca S.p.A. UniCredit's Related Parties and Equity Investments Committee is expected to issue a non-binding opinion on the matter.

In relation to the above transactions, FinecoBank provided simplified disclosure to CONSOB pursuant to Art. 13, paragraph 3, letter c) of CONSOB Regulation 17221/2010.
In the first half of 2015, moreover, no transactions that could significantly affect the Bank's asset situation and results way were initiated.
Intercompany 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.
You are reminded that for the three-year period 2013-2015, FinecoBank opted for the "national tax consolidation" – introduced by Italian Legislative Decree no. 344 of December 12, 2003 – with the Consolidating Company UniCredit.
In accordance with the National Tax Consolidation agreement, participation in the consolidation cannot result in tax advantages for the participating Consolidated Company with respect to the situation that would have arisen if the

company had not participated. The consolidation results in the following tax advantages: (i) consolidation adjustment relating to deductible interest expense, considering that the amount of interest expense accrued by entities participating in the national consolidation is fully deductible on the basis of the relationship between the total interest expense (intercompany and outside the group) recognised in the financial statements by the individual subsidiary and the overall interest expense recognised in the financial statements by all the subsidiaries pursuant to Article 96.5 bis of the Income Tax Code, (ii) tax credits, and withholdings as advances and detractions, are recognised by the Controlling Company and the Controlled Company as a reduction in the IRES income tax amount due when then the latter has a tax loss, and (iii) any tax losses are paid by the Control Company at the IRES income tax rate applicable for the tax period in which the tax losses are realised.

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, valid until the Italian Revenue Agency issued a declaration of receipt of the payment from UniCredit at the end of the collection process, in the event of an unfavourable outcome for the Bank, or until a ruling was issued in favour of the Bank by means of final judgement), 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 2013, 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 2014.

The following table shows the outstanding assets, liabilities, guarantees and commitments as at June 30, 2015 for each group of related parties according to IAS 24:

	Balances as at June 30, 2015			
	Directors, Board of Statutory Auditors and Key Management Personnel	Other related parties	Total	% of carrying amount
Financial assets held for trading	-	29	29	0.53%
Loans and receivables with customers	10	5,588	5,598	0.67%
Other assets	-	3,240	3,240	1.44%
Total assets	**10**	**8,857**	**8,867**	**0.05%**
Deposits from customers	1,725	5,809	7,534	0.05%
Other liabilities	-	8	8	0.00%
Total liabilities	**1,725**	**5,817**	**7,542**	**0.04%**

(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 as at June 30, 2015			
	Directors, Board of Statutory Auditors and Key Management Personnel	Other related parties	Total	% of carrying amount
Interest expenses and similar charges	(5)	(1)	(6)	0.06%
Fee and commission revenues	-	11,628	11,628	4.69%
Fee and commission expenses	(2)	(261)	(263)	0.21%
Other administrative expenses	-	(3,423)	(3,423)	2.81%
Other net operating income	5	1	6	0.02%
Total Income Statement	**(2)**	**7,944**	**7,942**	

(Amounts in € thousand)

With regard to the category "Directors, Board of Statutory Auditors and Key Management Personnel", in application of the special regulations laid down in Article 136 of Legislative Decree 385/93 (Consolidated Law on Banking), the obligations established for persons that perform administrative, management and control functions pursuant to those regulations were unanimously approved by a resolution of the Board of Directors with the favourable vote of all members of the Board of Statutory Auditors, in accordance with Article 136 of said Consolidated Law on Banking.

The category "Directors, Board of Statutory Auditors and Key Management Personnel" includes their dealings with FinecoBank (excluding their fees, which are discussed in point 1. *Details of compensation for key management personnel*) and the Parent Company UniCredit, mainly concerning assets for credit card use, liabilities for funds held by them with the Bank and costs and revenues generated from the aforesaid assets and liabilities.

The "other related parties" category includes:

- close family members of key management personnel (i.e., relatives who could be expected to influence, or be influenced by the party involved);
- 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 and liabilities for funds held with the Bank;
- assets for current receivables associated with the provision of financial services, mainly referring to fees for the placement of asset management and insurance products;
- costs and revenues generated from the above assets and liabilities, mainly referring to subscription and management fee and commission income related to the placement of asset management and insurance products and insurance premiums.

Amounts as at June 30, 2015 and the income components accrued in the first half of 2015 relating to the Parent Company UniCredit and the UniCredit group companies are not included, as they are presented further below.

TRANSACTIONS WITH THE PARENT COMPANY AND OTHER UniCredit GROUP COMPANIES

Total Transactions with UniCredit group companies	*06.30.15*	*% of carrying amount*
Assets	**14,579,352**	**80.77%**
Loans and receivables with banks	14,541,145	99.71%
Loans and receivables with customers	18,613	2.23%
Hedging derivative assets	12,706	100.00%
Other assets	6,888	3.05%
Liabilities	**1,773,939**	**9.83%**
Deposits from banks	1,339,203	93.25%
Debt securities in issue	400,000	100.00%
Hedging derivative liabilities	45,588	100.00%
Tax liabilities	(22,969)	-75.84%
Other liabilities	12,117	5.45%
Guarantees and Commitments	**256,070**	**34.29%**
Guarantees given	256,070	34.29%
Income Statement	**136,532**	
Interest income and similar revenues	102,110	79.49%
Interest expenses and similar charges	(938)	9.06%
Fee and commission revenues	60,335	24.34%
Fee and commission expenses	(2,301)	1.87%
Fair value adjustments in hedge accounting	(14,935)	12.12%
Administrative costs	(7,865)	4.94%
Other net operating income	126	0.33%

(Amounts in € thousand)

The following table summarises transactions with UniCredit group companies as at June 30, 2015:

Company	Assets	Liabilities	Guarantees and commitments	Income Statement
Unicredit S.p.A.	14,537,337	1,703,043	256,070	83,620
Unicredit Bank AG	21,014	43,504	-	1,512
Unicredit Bank AG Milano	-	21,160	-	(711)
Unicredit Credit Management Bank S.p.A.	-	78	-	(48)
Unicredit Leasing S.p.A.	1	-	-	1
Unicredit Luxemburg Finance SA	-	-	-	33
Unicredit Business Integrated Solutions S.C.p.A.	2,388	6,087	-	(5,799)
Pioneer Investment Management SGR p.A.	1,582	41	-	5,184
Cordusio Società Fiduciaria per Azioni	56	26	-	7
Pioneer Asset Management SA Luxemburg	16,974	-	-	52,733
Total	**14,579,352**	**1,773,939**	**256,070**	**136,532**

(Amounts in € thousand)

The following tables contain a breakdown of the items relating to Assets, Liabilities, Costs and Revenue for each individual Group company.

Transactions with parent companies

Transactions with UniCredit S.p.A.	*06.30.15*
Assets	**14,537,337**
Loans and receivables with banks	14,520,145
Hedging derivative assets	12,706
Other assets	4,486
Liabilities	**1,703,043**
Deposits from banks	1,295,699
Debt securities in issue	400,000
Hedging derivative liabilities	24,611
Tax liabilities	(22,969)
Other liabilities	5,702
Guarantees and Commitments	**256,070**
Guarantees given	256,070
Income Statement	**83,620**
Interest income and similar revenues	105,700
Interest expenses and similar charges	(934)
Fee and commission revenues	331
Fee and commission expenses	(2,245)
Fair value adjustments in hedge accounting	(17,341)
Administrative costs	(1,901)
Other net operating income	10

(Amounts in € thousand)

Transactions with companies controlled by UniCredit S.p.A.

Transactions with UniCredit Bank AG	*06.30.15*
Assets	**21,014**
Loans and receivables with banks	21,000
Other assets	14
Liabilities	**43,504**
Deposits from banks	43,504
Income Statement	**1,512**
Interest income and similar revenues	164
Interest expenses and similar charges	(4)
Fee and commission revenues	1,352

(Amounts in € thousand)

Transactions with UniCredit Credit Management Bank S.p.A.	*06.30.15*
Liabilities	**78**
Other liabilities	78
Income Statement	**(48)**
Administrative costs	(48)

(Amounts in € thousand)

Transactions with UniCredit Bank AG, Milan	*06.30.15*
Liabilities	**21,160**
Hedging derivative liabilities	20,977
Other liabilities	183
Income Statement	**(711)**
Interest income and similar revenues	(3,754)
Fee and commission revenues	638
Fee and commission expenses	(1)
Fair value adjustments in hedge accounting	2,406

(Amounts in € thousand)

Transactions with UniCredit Leasing S.p.A.	*Totale 30-giu-15*
Assets	**1**
Loans and receivables with customers	1
Income Statement	**1**
Fee and commission revenues	1

(Amounts in € thousand)

Transactions with UniCredit Luxembourg Finance SA	*06.30.15*
Income Statement	**33**
Fee and commission revenues	33

(Amounts in € thousand)

Transactions with UniCredit Business Integrated Solutions S.C.p.A.	*06.30.15*
Assets	**2,388**
Other assets	2,388
Liabilities	**6,087**
Other liabilities	6,087
Income Statement	**(5,799)**
Fee and commission revenues	3
Administrative costs	(5,918)
Other net operating income	116

(Amounts in € thousand)

Transactions with Pioneer Investment Management SGR p.A.	*06.30.15*
Assets	**1,582**
Loans and receivables with customers	1,582
Liabilities	**41**
Other liabilities	41
Income Statement	**5,184**
Fee and commission revenues	5,217
Fee and commission expenses	(33)

(Amounts in € thousand)

Transactions with Cordusio Società Fiduciaria per Azioni	*06.30.15*
Assets	**56**
Loans and receivables with customers	56
Liabilities	**26**
Other liabilities	26
Income Statement	**7**
Fee and commission revenues	27
Fee and commission expenses	(22)
Administrative costs	2

(Amounts in € thousand)

Transactions with Pioneer Asset Management SA Luxembourg	*06.30.15*
Assets	**16,974**
Loans and receivables with customers	16,974
Income Statement	**52,733**
Fee and commission revenues	52,733

(Amounts in € thousand)

PART I - SHARE-BASED PAYMENTS

A. Qualitative information

1. *Description of share-based payments*

1.1 Outstanding instruments

The Medium & Long Term Incentive Plans for employees and personal financial advisors of the Bank include the following types of instruments:

- Equity-Settled Share Based Payments that involve payments settled with shares of the parent UniCredit S.p.A and of the Bank;
- Cash Settled Share Based Payments that involve payments made in cash.

The first category refers to the allocation of the following instruments:

- **Stock Options** allocated to selected Top & Senior Managers and Key Talents and consisting of rights to subscribe UniCredit shares;
- **Performance Stock Options** allocated to selected Top & Senior Managers and Key Talents of the Group and represented by UniCredit share options that the Parent Company undertakes to grant, conditional upon achieving performance targets approved by the Parent Company's Board of Directors;
- **Group Executive Incentive System** that offers eligible Group Executives a variable remuneration for which payment will be made within a maximum of five years. The beneficiaries receive a payment in cash and/or shares, in relation to the achievement of performance conditions (other than marked conditions) stated in the Plan Rules;
- **Group Executive Incentive System (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 or FinecoBank shares, over a maximum period of 6 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 at Group and/or 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);
- **Employee Share Ownership Plan (ESOP - Let's Share)**, which offers eligible Bank employees the possibility to buy UniCredit ordinary shares with the advantage of the granting of free ordinary shares ("Free Shares" or rights to receive them) measured on the basis of the shares purchased by each Participant ("Investment Share") during the "Enrolment Period" . The granting of free ordinary shares is subordinated to *vesting* conditions (other than market conditions) stated in the Plan Rules.
- **Stock granting for employees** offering the allocation of free shares of FinecoBank to beneficiaries belonging to Top Management *("2014-2017 Multi-year Plan Top Management"*) and to executives and employees of the Bank (other than Top Management) who, in the Bank's opinion, can significantly contribute to the Bank's profitability

and sustainability due to their role, skills and potential (*"2014 Key People Plan"*),. The shares shall be allocated to the beneficiaries in four annual instalments under the "*2014-2017 Multi-year Top Management Plan*" as of 2017, and three annual instalments under the "*2014 Key People Plan*" as of 2015 *;* The plans are subject to access conditions (profitability and capital thresholds) and clawback clauses (as legally applicable) in accordance with the plan rules.

- **Stock granting for personal financial advisors** offering the allocation of free shares of FinecoBank to the network's personal financial advisors, subject to the achievement by the Bank's entire PFA network of a set net sales target for the year 2014 *("2014 PFA Plan")* and for the three-year period 2015–2017 (*"2015-2017 PFA Plan").* The shares will be allocated to the respective beneficiaries in three annual instalments from 2015, under the *"2014 PFA Plan"* and from 2018 under the *"2015-2017 PFA Plan"*. The plan is subject to access conditions (profitability and capital thresholds) and clawback clauses (as legally applicable) in accordance with the plan rules.

Shares for employee incentive plans envisaging the allocation of FinecoBank shares will be issued through free capital increases in accordance with Article 2349 of the Italian Civil Code.
Shares for PFA incentive plans envisaging the allocation of FinecoBank shares will be obtained through market purchases in implementation of the Resolution of the Bank Shareholders' meeting pursuant to Article 2357 of the Italian Civil Code.

The Second category refers to the allocation of the following instruments:

- Group Incentive System 2015 PFA, offering selected personal financial advisors, identified as key personnel in accordance with regulatory requirements, an incentive system consisting of immediate cash payments (following performance evaluation) and deferred payments and the allocation of Phantom Shares, over a period of three (3) 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 at Group and/or 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);

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.
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.

The income statement and balance sheet effects will be recognised during the vesting period of the instruments.
No new Stock Option and/or Performance Stock Option Plans were granted during the first half of 2015, but the income statement and balance sheet effects of the plans allocated in previous years were recognised.

1.2.2 Group Executive Incentive System

The amount of the incentive is determined on the 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 and multiplied by the incentive, determines the actual amount that will be paid to the beneficiary.

The balance-sheet and income statement effects are spread according to the term of the Plans**.**

Group Executive Incentive System "Bonus Pool 2014" – Shares

The economic value of the shares granted is measured considering the share market price at the grant date less the present value of future dividends during the vesting period.

The plan is divided into clusters, each of which may include two to three deferred share-based payment instalments according to the period defined by the plan rules.

	UniCredit shares granted			
	Group Executive Incentive System - Bonus Pool 2014			
	2017 Instalment	**2018 Instalment**	**2019 Instalment**	**2020 Instalment**
Grant Date - Bonus Opportunity Economic Value	21-Jan-14	21-Jan-14	21-Jan-14	21-Jan-14
Number of Shares - Date of Board resolution	09-Apr-15	09-Apr-15	09-Apr-15	09-Apr-15
Vesting Period Start Date	01-Jan-14	01-Jan-14	01-Jan-14	01-Jan-14
Vesting Period End Date	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
UniCredit Share Market Price [€]	6.269	6.269	6.269	6.269
Average Economic Value of Vesting conditions [€]	-0.243	-0.434	-0.705	-1.032
Performance Shares Fair Value per unit at Grant Date [€]	6.026	5.835	5.564	5.237

	FinecoBank shares granted			
	Group Executive Incentive System - Bonus Pool 2014			
	2017 Instalment	**2018 Instalment**	**2019 Instalment**	**2020 Instalment**
Grant Date - Bonus Opportunity Economic Value	15-Apr-14	15-Apr-14	15-Apr-14	15-Apr-14
Number of Shares - Date of Board resolution	09-Feb-15	09-Feb-15	09-Feb-15	09-Feb-15
Vesting Period Start Date	01-Jan-14	01-Jan-14	01-Jan-14	01-Jan-14
Vesting Period End Date	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
FinecoBank Share Market Price [€]	4.725	4.725	4.725	4.725
Average Economic Value of Vesting conditions [€]	-0.410	-0.590	-0.839	-1.137
Performance Shares Fair Value per unit at Grant Date [€]	4.315	4.135	3.886	3.588

The plan was allocated in 2014 and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

Group Executive Incentive System 2015 (Bonus Pool)

The new 2015 incentive system 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 the organisational structure, the bonus pool being defined at Country/Division level and further reviewed 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 Authority (EBA), and to other specific roles, based on local regulatory requirements;
- a structure of payments spread over a period of up to 5 years and consisting of a mix of cash and shares, aligned

with the latest regulatory requirements as set out in Directive 2013/36/EU (CRD IV).
The plan was assigned during the current year and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

1.2.4 Employee Share Ownership Plan (Piano Let's Share 2015)

The following tables show the parameters used in relation to free shares (or rights to receive them) connected to the "Employee Share Ownership Plan" approved in 2014.

Measurement of Free Shares ESOP 2015

	Free Shares 1st Enrolment Period	Free Shares 2nd Enrolment Period
Date of granting of Free Shares to employees	30-Jan-15	31-Jul-15
Vesting Period Start Date	30-Jan-15	31-Jul-15
Vesting Period End Date	30-Jan-16	31-Jul-16
Free Shares Fair Value per unit [€]	5.280	To be defined

All income statement and balance sheet effects related to free shares will be booked during the vesting period (except adjustments, according to Plan Rules, that will be booked during the next closing after vesting period).
The UniCredit ordinary shares assigned under this plan are acquired on the market.

1.2.5 Stock granting for employees

The economic value of the shares granted is measured considering the share market price at the grant date less the present value of future dividends during the vesting period.

2014 - 2017 Multi-year – Top management Plan

The plan offers the allocation of free shares of FinecoBank to beneficiaries belonging to the Top Management. The shares will be allocated to the respective beneficiaries, once the vesting period has elapsed and satisfaction of the conditions has been verified, in 4 annual tranches, starting in 2017.

	Items/Number of options and exercise price			
	Top management			
	First instalment 2017	Second instalment 2018	Third instalment 2019	Fourth instalment 2020
Bonus Opportunity Economic Value - (Grant Date)	02-Jul-14	02-Jul-14	02-Jul-14	02-Jul-14
Number of Shares - Date of Board resolution	15-Jul-14	09-Feb-15	To be defined	To be defined
Vesting Period Start Date	02-Jul-14	02-Jul-14	02-Jul-14	02-Jul-14
Vesting Period End Date	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
FinecoBank Share Market Price [€]	3.7	4.725	To be defined	To be defined
Average Economic Value of Vesting conditions [€]	-0.27	-0.59	To be defined	To be defined
Performance Shares Fair Value per unit at Grant Date [€]	3.43	4.135	To be defined	To be defined

The plan was assigned during the previous financial year and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

2014 Key people Plan

The plan offers the allocation of free shares of FinecoBank to executives and employees of the Bank (other than Top

Management) who, in the Bank's opinion, can significantly contribute to the Bank's profitability and sustainability due to their role, skills and potential. The shares will be allocated to the respective beneficiaries, once the vesting period has elapsed and satisfaction of the conditions has been verified, in 3 annual tranches, starting in 2015.
The plan was assigned during the previous financial year and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

1.2.6 Stock granting for personal financial advisors

The economic value of the shares granted is measured considering the share market price at the grant date less the present value of future dividends during the vesting period.

2014 PFA Plan

The amount of the incentive was determined on the basis of the achievement of the goals stated by the plan, subject to the Bank's entire PFA network meeting their net sales targets in 2014.
The plan helps align the interests of beneficiaries, shareholders and other stakeholders and implement effective remuneration practices, in accordance with the applicable legislative and regulatory framework.
The plan is subject to verification that the conditions established by the plan rules are satisfied.
The plan was assigned during the previous financial year and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

2015 - 2017 PFA Plan

The amount of the incentive will be determined on the basis of the achievement of the goals stated by the plan, subject to the Bank's entire PFA network meeting their cumulative net sales targets for the three-year period 2015-2017.
The plan helps align the interests of beneficiaries, shareholders and other stakeholders and implement effective remuneration practices, in accordance with the applicable legislative and regulatory framework.
The plan is subject to verification that the conditions established by the plan rules are satisfied.
The plan was assigned during the previous financial year and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

1.2.7 Group Incentive System 2015 PFA

In line with Regulatory requirements, the 2015 Incentive System for Financial Advisers envisages:

- the system's sustainability, by linking it directly to business results;
- the allocation of bonuses to beneficiaries identified as key personnel on the basis of criteria laid down in the Regulation of the European Banking Authority (EBA);
- a structure of payments spread over a period of 3 years and consisting of a mix of cash and phantom shares, aligned with the latest regulatory requirements providing for the instruments to be unavailable during certain periods;

The amount of the incentive is determined on the basis of the achievement of the goals stated by the plan.
The balance-sheet and income statement effects are spread according to the term of the Plans**.**
The economic value of the phantom shares is measured considering the share market price at the grant date less the present value of future dividends during the vesting period.

The plan was assigned during the current year and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

B. Quantitative information

2. Annual changes

Stock granting

Items/number of options and exercise price	*06.30.15*			*12.31.14*		
	Hedging instruments	*Average exercise price*	*Average maturity*	*Hedging instruments*	*Average exercise price*	*Average maturity*
A. Opening balance	1,427,240	-	-	-	-	-
B. Increases	764,221	-		1,427,240	-	
B.1 New issues	764,221	-		1,427,240	-	
B.2 Other increases	-	-		-	-	
C. Decreases	(241,700)	-		-	-	
C.1 Cancelled	-	-		-	-	
C.2 Exercised	(241,700)	-		-	-	
C.3 Expired	-	-		-	-	
C.4 Other decreases	-	-		-	-	
D. Closing balance	**1,949,761**	**-**	**May-17**	**1,427,240**	**-**	**Jun-16**
E. Vested Options at end of period	**-**	**-**		**241,700**	**-**	

The number of shares specified in the above table only refers to plans for which the number of shares allotted to individual beneficiaries has already been defined. The average prices for the year were not included as the Stock Granting only concerns freely granted shares.

Effects on Profit and Loss

The income statement and balance-sheet effects of the incentive systems based on FinecoBank and UniCredit shares are shown below, except for the balance of the reserve related to equity-settled plans.

The income statement impact is determined each year based on the vesting period of the instruments.

Financial statement presentation related to payments based on shares of Fineco and of the Parent Company UniCredit

	06.30.15		*06.30.14*	
	Total	*Vested Plans*	*Total*	*Vested Plans*
Costs	8,890		386	
- connected to Equity Settled Plans	*8,781*		*386*	
- connected to Cash Settled Plans	*109*			
Sums paid to UniCredit S.p.A. in relation to vested plans		-		-
Payable due to UniCredit S.p.A.	2,296		1,889	
Payable due to personal financial advisors for cash settled plans	109			

(Amounts in € thousand)

Please note that the charges relating to Equity Settled Plans were recognised as Administrative costs - Payroll costs with respect to the plans granted to employees and as Administrative costs - Other administrative expenses with regard to plans granted to personal financial advisors. Charges relating to Cash Settled Plans granted to personal financial advisors were recognised as Fee and commission expenses.

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 personal 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.

RECONCILIATION OF CONDENSED ACCOUNTS TO MANDATORY REPORTING SCHEDULE

ASSETS	Amounts as at 06.30.2015	Amounts as at 12.31.2014
Cash and cash balances = *item 10*	6	5
Dividend income and similar revenue = *item 20*	5,463	3,054
Loans and receivables with banks = *item 60*	14,582,941	13,892,197
Loans and receivables with customers = *item 70*	835,823	695,594
Financial investments	2,238,746	1,695,555
40. Available-for-sale financial assets	*2,238,746*	*1,695,555*
Hedging instruments	39,579	24,274
80. Hedging derivatives	*12,706*	*19,247*
90. Changes in fair value of portfolio hedged financial assets	*26,873*	*5,027*
Property, plant and equipment = *item 110*	11,163	10,892
Goodwill = *item 120. Intangible assets of which: goodwill*	89,602	89,602
Other intangible assets = *item 120 net of goodwill*	8,030	8,142
Tax assets = *item 130*	14,629	18,550
Other assets = *item 150*	225,475	326,756
Total assets	**18,051,457**	**16,764,621**

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at 06.30.2015	Amounts as at 12.31.2014
Deposits from banks = *item 10*	1,436,173	1,428,568
Deposits from customers	15,256,498	13,914,712
20. Deposits from customers	*15,256,498*	*13,914,712*
Debt securities in issue	400,000	424,710
30. Debt securities in issue	*400,000*	*424,710*
Financial liabilities held for trading = *item 40*	5,386	3,135
Hedging instruments	59,668	46,220
60. Hedging derivatives	*45,587*	*36,993*
70. Changes in fair value of portfolio hedged financial liabilities	*14,081*	*9,227*
Provisions for risks and charges = *item 120*	104,947	118,031
Tax liabilities = *item 80*	30,288	33,358
Other liabilities	227,285	243,633
100. Other liabilities	*222,356*	*238,807*
110. Employee severance pay provision	*4,929*	*4,826*
Shareholders' Equity	531,212	552,254
- capital and reserves	437,198	400,085
160. Reserves	*235,114*	*198,081*
170. Share premium reserve	*1,934*	*1,934*
180. Share capital	*200,150*	*200,070*
- revaluation reserves	310	2,262
130. Revaluation reserves of which: Available-for-sale financial assets	*2,535*	*5,329*
130. Revaluation reserves for actuarial gains (losses) defined benefit plans	*(2,225)*	*(3,067)*
- net profit = *item 200*	93,704	149,907
Total liabilities and shareholders' equity	**18,051,457**	**16,764,621**

(Amounts in € thousand)

INCOME STATEMENT	1st Half 2015	1st Half 2014
Net interest	118,104	115,940
30. Net interest margin	*118,104*	*115,940*
Dividends and other income from equity investments	-	-
70. Dividend income and similar revenue	*2*	*4*
less: dividends from held-for-trading equity instruments included in item 70	*(2)*	*(4)*
Net fee and commission income = *item 60*	124,629	97,029
60. Net fee and commission income	*124,629*	*97,029*
Net trading, hedging and fair value income	28,073	12,889
80. Gains (losses) on financial assets and liabilities held for trading	*28,298*	*12,867*
+ dividends from held-for-trading equity instruments (from item 70)	*2*	*4*
90. Fair value adjustments in hedge accounting	*(227)*	*-*
110. Gains (losses) on financial assets and liabilities at fair value through profit and loss	*-*	*18*
Net other expenses/income	(3,089)	1
190. Other net operating income	*37,692*	*35,974*
less: other operating income - of which: recovery of expenses	*(42,388)*	*(37,542)*
less: adjustments of leasehold improvements	*1,606*	*1,573*
100. Gains (losses) on disposal or repurchase of: a) loans and receivables	*-*	*49,159*
100. Gains (losses) on disposal or repurchase of: d) financial liabilities	*-*	*(49,163)*
OPERATING INCOME	**267,717**	**225,859**
Payroll costs	(37,182)	(31,835)
150. Administrative costs - a) payroll costs	*(37,182)*	*(31,835)*
Other administrative expenses	(120,535)	(108,564)
150. Administrative costs - b) other administrative expenses	*(121,929)*	*(106,991)*
+ adjustments of leasehold improvements	*(1,606)*	*(1,573)*
- ex-ante contributions to Single Resolution Fund (SRF) and Deposit guarantee systems (DGS)	*3,000*	*-*
Recovery of expenses	42,388	37,542
190. Other net operating income - of which: recovery of expenses	*42,388*	*37,542*
Amortisation, depreciation and impairment losses on intangible and tangible assets	(4,190)	(3,942)
170. Impairment/write-backs on property, plant and equipment	*(1,736)*	*(1,607)*
180. Impairments/write-backs on intangible assets	*(2,454)*	*(2,335)*
Operating costs	**(119,519)**	**(106,799)**
OPERATING PROFIT (LOSS)	**148,198**	**119,060**
Net impairment losses on loans and provisions for guarantees and commitments	(2,694)	(1,291)
+ Gains (losses) on disposal or repurchase of: a) impaired loans (from item 100 a))	*-*	*-*
130. Impairment losses/write-backs on: a) loans and receivables	*(2,698)*	*(1,331)*
130. Impairment losses/write-backs on: d) other financial assets	*4*	*40*
less: net value adjustments for the impairment of other financial assets - contribution to the Interbank Fund for the Protection of Deposits	*-*	*-*
NET OPERATING PROFIT (LOSS)	**145,504**	**117,769**
Provisions for risks and charges	(3,929)	(2,951)
160. Net provisions for risks and charges	*(929)*	*(2,951)*
+ ex-ante contributions to Single Resolution Fund (SRF) and Deposit guarantee systems (DGS)	*(3,000)*	*-*
+ net value adjustments for the impairment of other financial assets - contribution to the Interbank Fund for the Protection of Deposits	*-*	*-*
Net income from investments	-	-
240. Gains (losses) on disposal of investments	*-*	*-*
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**141,575**	**114,818**
Income tax for the period	(47,871)	(40,956)
260. Tax expense (income) related to profit or loss from continuing operations	*(47,871)*	*(40,956)*
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**93,704**	**73,862**
NET PROFIT (LOSS) FOR THE PERIOD	**93,704**	**73,862**

(Amounts in € thousand)

Certification of the condensed half-year financial statements pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments.

1. The undersigned, Alessandro Foti, as Chief Executive Officer and General Manager 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

in the first half of 2015 of the administrative and accounting procedures for drawing up the condensed half-year financial statements.

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 by UniCredit Group, in accordance with the "Internal Controls - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)", which are internationally 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 recognised 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, July 30, 2015

FinecoBank S.p.A.
The Chief Executive Officer and
General Manager
Alessandro Foti

FinecoBank S.p.A.
The Manager Responsible for Preparing
the Company's Financial Reports
Lorena Pelliciari

Report of the External Auditors

Deloitte.

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REPORT ON REVIEW OF THE HALF-YARLY CONDENSED FINANCIAL STATEMENTS

To the Shareholders of
FINECOBANK BANCA FINECO S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed financial statements of FinecoBank Banca Fineco S.p.A., which comprise the balance sheet as of June 30, 2015, and the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the six-months period then ended, and the related explanatory notes. The Directors of FinecoBank Banca Fineco S.pA. are responsible for the preparation of these half-yearly condensed financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (Consob) for the review of the half-yearly interim financial statements under Resolution n. 10867 of July 31, 1997. A review of half-yearly condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed financial statements of FinecoBank Banca Fineco S.p.A. as of June 30, 2015 and for the six-months period then ended are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Paolo Gibello Ribatto
Partner

Milan, Italy
August 5, 2015

This report has been translated into the English language solely for the convenience of international readers.