GRUPPO BANCA SELLA

REPORT AND CONSOLIDATED

FINANCIAL STATEMENTS
2014

Drawn up by the parent company
B A N C A   S E L L A   H O L D I N G

Table of Contents

Map of the Group at December, 31 2014

- **BANCA SELLA HOLDING S.P.A.**
  - FINANZIARIA 2010 S.P.A.
    - MIRET S.A.
    - SELIR S.R.L.
    - SELLA SYNERGY INDIA P.LTD.
  - BANCA SELLA S.P.A.
  - BANCA PATRIMONI SELLA & C. S.P.A.
    - FAMILY ADVISORY SIM SELLA & PARTNERS
  - CONSEL S.P.A.
  - BIELLA LEASING S.P.A.
  - SELLA GESTIONI SGR S.P.A.
  - SELFID S.P.A.
  - EASY NOLO S.P.A.
  - IMMOBILIARE SELLA S.P.A.
  - IMMOBILIARE LANIFICIO MAURIZIO SELLA S.P.A.
  - C.B.A. VITA S.P.A.
    - SELLA LIFE LTD.
  - BROSEL S.P.A.
  - SELLA CAPITAL MANAGEMENT SGR S.P.A. in liquidazione
  - SELVIMM DUE S.A.

Subsidiaries but not inserted in the perimeter of the banking Group

Other fully consolidated companies:

MARS 2600 S.r.l. (SPV of securitization transactions of the Group).
MONVISO 2013 S.r.l. (SPV of securitization transactions of the Group).
MONVISO 2014 S.r.l. (SPV of securitization transactions of the Group).

Companies consolidated by equity method:

MARTIN MAUREL SELLA BANQUE PRIVEE MONACO S.A.M.
HI-MTF SIM S.p.A.
INCHIARO ASSICURAZIONI S.P.A.
S.C.P. VDP 1
ENERSEL S.p.A.
DPIXEL S.r.l

Company Officers

BOARD OF DIRECTORS

In office until the approval of the 2015 financial statements

President	Maurizio Sella
Vice President	Franco Sella
“ “	Lodovico Sella
CEO	Pietro Sella
Director	Mario Bonzano
“	Franco Cavalieri
	Anna Maria Ceppi
“	Massimo Condinanzi
“	Mario Renzo Deaglio
“	Giovanni Petrella
	Ernesto Rizzetti
“	Caterina Sella
“	Federico Sella
“	Giacomo Sella
“	Sebastiano Sella
“	Giovanni Zanetti
“	

AUDIT COMMITTEE

Componente - President	Anna Maria Ceppi
“	Mario Deaglio
“	Giovanni Zanetti

REMUNERATION COMMITTEE

Component – President	Mario Deaglio
“	Mario Bonzano
“	Giovanni Zanetti

APPOINTMENTS COMMITTEE

Component - President	Anna Maria Ceppi
“	Maurizio Sella
“	Giovanni Zanetti

BOARD OF AUDITORS

In office until approval of 2014 financial statements

Auditor - President	Mario Pia
“ “	Paolo Piccatti
“ “	Daniele Frè
Alternate Auditor	Riccardo Foglia Taverna
“ “	Pierangelo Ogliaro

GENERAL MANAGEMENT

General Manager	Pietro Sella
Joint General Manager	Attilio Viola

AUDITING COMPANY

Deloitte & Touche S.p.A.

Banca Sella Group - Key figures and indicators

The Rating

The ratings assigned by Moody's Investors Service and reported in the table below refer to the latest Credit Opinion published in the month of February 2014.

Rating - Moody's	
Long Term Global local currency deposit rating	**Ba1**
Short term	**Not - prime**
Bank Financial Strength Rating	**D**
Outlook	**Negative**

The rating assigned by the agency DBRS and the following table refer tot he press release published in July 2014.

Rating - DBRS	
Long Term Rating	**BBB (low)**
Short term	**R-2 (low)**
Trend	**Negative**

Banca Sella Group Highlights (in millions of euro)

BALANCE SHEET	12/31/2014	12/31/2013	Change absolute	Change %
Total assets	14,257.8	13,360.5	897.3	6.7%
Financial assets	3,855.1	3,694.1	161.0	4.4%
Cash loans excluding repurchase agreements	7,996.7	8,208.4	(211.7)	-2.6%
repurchase agreements	*64.7*	*107.1*	*(42.4)*	*-39.6%*
Total cash loans (1)	8,061.4	8,315.5	(254.1)	-3.1%
Investments	15.6	13.4	2.2	16.8%
Tangible and intangible assets	288.6	274.7	13.9	5.1%
Direct deposits excluding repos	10,093.0	9,305.6	787.4	8.5%
repurchase agreements	*40.9*	*54.1*	*(13.2)*	*-24.4%*
Total direct deposits (2)	10,133.9	9,359.7	774.2	8.3%
Indirect funding (3)	15,663.0	14,494.5	1,168.5	8.1%
Total deposits	25,796.9	23,854.2	1,942.7	8.1%
Guarantees	247.99	368.30	(120.3)	-32.7%
Primary capital class 1 (CET 1) (Tier 1 to 31 12 2013) (4)	716.2	675.7	-	-
Additional Tier 1 (AT 1)	1.0	-	-	-
Primary capital Tier 2 (T2) (Tier 2 to 31 12 2013) (4)	221.2	382.1	-	-
Total own funds for prudential purposes (4)	938.4	1,057.8	-	-

RECLASSIFIED INCOME STATEMENT DATA (5)	2014	2013	Change absolute	Change %
Net interest income (6)	290.3	291.3	(0.9)	-0.3%
Net income from services	261.3	246.8	14.5	5.9%
Net income from insurance business	12.3	8.1	4.2	51.6%
Net banking income	563.9	546.1	17.7	3.3%
Operating costs net recoveries taxes and stamp	(361.9)	(357.6)	4.3	1.2%
Operating profit	201.9	188.6	13.3	7.1%
Impairment / write-backs for impairment of loans	(180.7)	(138.2)	(42.5)	30.7%
Other costs / income	83.9	12.4	71.3	575.0%
Income tax	(35.2)	(25.9)	(9.3)	36.0%
Net income (net) for the period attributable to parent company	70.5	34.9	35.6	102.0%

(1) 70 represents the item of the balance sheet assets "loans to customers";
(2) The figure represents the sum of the following balance sheet liabilities: item 20 "due to customers" and item 30 "securities issued";
(3) The figure does not include the component "liquidity" (included in direct deposits), and is the sum of the following items under "Other information" of the Notes to the Balance Sheet: "Asset management", "Third-party securities on deposit associated with the performance of the Depository bank"," Other securities held on deposit (net of securities issued by a company included in the consolidation)," the components relating to mutual fund shares subscribed by customers and income from insurance, as per footnotes in Table of Management and Trading on behalf of third parties;
(4) The comparison of the data at December 31, 2013 and that at 3 1 December 2014 is not homogenous, as the former have been calculated according to the criteria of Basel II, while that at 31 December 2014 under the new provisions of Basel III which came into force on 1 January 2014;
(5) As per highlighted items in the Consolidated Reclassified income statement represented on page 42;
(6) The sum does not include the component relating to the insurance department which is placed under the relevant item the condensed income statement.

Alternative performance measures

PROFITABILITY RATIOS '(%)	2014	2013
ROE (return on equity) (1)	9.0%	5.1%
ROA (return on assets) (2)	0.5%	0.3%
Net interest income (3) / income (3)	51.5%	53.3%
Net income from services (3) / income (3)	46.3%	45.2%
Net income from insurance business (3) / income (3)	2.2%	1.5%
Cost to income (4)	62.1%	63.5%

PRODUCTIVITY RATIOS (in thousands of euro)	2014	2013
Operating Income / Average employees	137.5	133.5
Gross operating income / Average employees	49.2	46.1
Cash Loans (5) / Employees at year end	1,921.8	2,030.8
Direct deposits / Employees at year end	2,425.6	2,302.2
Total deposits / Number of employees at end of year	6,266.0	5,901.6

INDICI PATRIMONIALI E DI LIQUIDITA' (%)	12/31/2014	12/31/2013
Cash Loans (5) / Direct deposits	79.2%	88.2%
Cash Loans (5) / Total assets	56.1%	61.4%
Direct deposits / Total assets	70.8%	69.6%

CREDIT RISK RATIOS (%)	12/31/2014	12/31/2013
Net impaired loans / Loans to	8.7%	7.8%
Net doubtful loans / Loans to	3.9%	3.7%
Net adjustments to loans / Cash	2.2%	1.7%
Coverage ratio of impaired loans	48.1%	43.7%
NPL coverage rate	64.2%	59.0%

SOLVENCY RATIOS (%) (6)	12/31/2014	12/31/2013
Ratio (Tier 1)	-	8.42%
Coefficient of CET 1	8.95%	-
Overall ratio (total capital ratio)	-	13.18%
Coefficient of own funds	11.72%	-

(1) Ratio between net of operating and net asset valuation reserves, both including Minority interests;
(2) Ratio between Net profit, including the components “pertaining to third parties" and "total assets";
(3) As per the highlighted item in the consolidated reclassified income statement;
(4) Ratio of operating costs, less the 'IRAP on personnel costs and net of losses related to operational risks, and operating income;
(5) The item cash loans is net of the active component PCT;
(6) The comparison between the ratios at 31 December 2013 and those at 31 December 2014 is not homogenous, as the former have been calculated according to the criteria of Basel II, while those at 31 December 2014 under the new provisions of Basel III which came into force on 1 January 2014.

Structural Data *(at year end)*

	2014	2013	2012	2011	2010	2009	2008
Banking group employees	4,117	4,001	4,100	4,121	4,229	4,383	4,412
Insurance company employees	44	41	42	44	44	46	44
Total employees of Gruppo Banca Sella (*)	4,161	4,042	4,142	4,165	4,273	4,429	4,456
Branches in Italy and abroad	304	304	332	334	335	334	332
Financial advisors	331	295	292	281	295	291	299

(*) Employees of the bank group plus employees of insurance companies

Macroeconomic scenario

World Panorama

In 2014 the world economy continued to expand at a rapid content, in line with the growth rates recorded in 2013.

The US economy closed 2014 with an average rate of change of the gross domestic product of 2.4% y / y from 2.2% y / y in the previous year. After a subdued first quarter, marked by a decrease in GDP of 2.1% q / q annualized explained in large part by temporary factors such as the occurrence of adverse weather conditions, there has been a gradual consolidation of economic growth at appreciable levels. Private consumption made a major contribution to the dynamic and growing GDP, supported by the gradual improvement of the labor market, from the recovery of wealth and, in the latter part of the year, the fall in oil prices and the resulting positive effects on consumer purchasing power. In addition, the contribution of public spending to GDP growth, which was negative in 2013, was slightly positive in 2014. Less positive average annual signals came instead from residential investment, affected by a decline in the pace of expansion compared with in previous years despite low inventory levels and the persistence of favorable conditions for access to the housing market, and net exports, reflecting a dynamic slowing in exports and a strengthening of imports. Supported by the recovery of the labor market, the Federal Reserve (Fed) continued to gradually reduce purchases of securities linked to the property market and government bonds, concluding them in October. At the same time the Fed has confirmed the policy of reinvestment of maturing securities that allow the maintenance on its financial statements of significant levels of long-term assets: the management of the assets is consistent with the principles of normalization of monetary policy, updated in September, indicating the rise in the official rate as the first step of the implementation of the exit strategy of the Fed and placing at a later stage the gradual reduction of the assets held, to be achieved mainly through the interruption of the policy of reinvestment of maturing securities. The guidelines on the official rate, in the new wording introduced at the meeting on 16/17 December, indicate the will of the committee to move with caution in launching the cycle of policy rate hikes and to proceed in the light of progress compared to the double mandate to support employment and price stability.

The Euro zone recorded a growth rate of the gross domestic product of 0.9% in 2014, from -0.5% in 2013. During the year, the GDP growth was characterized by a loss of force in middle months and a subsequent moderate acceleration in the pace of expansion, to which has contributed especially the growth in private consumption; disappointing however was the pace of investment, penalized by an evolution of the international situation that was less favorable than expected, which resulted in a support of exports that was less strong than expected, and the persistence of a climate of great uncertainty for both the domestic and external framework. While showing signs of greater convergence between center and periphery, the national accounts data have continued to describe a recovery that is uneven in terms of geographical composition. The German economy posted a solid overall performance in 2014, growing by 1.6% y / y from 0.2% y / y in 2013; Spain has been affected by a gradual strengthening of the economic recovery and ended the year with an increase in GDP of 1.4% y / y, after two consecutive years of negative annual growth. By contrast, the economies of France and Italy continued to demonstrate aspects of fragility, although in both cases because of attenuation in the final months of the year. With reference to Italy, the stagnation on a cyclical basis recorded by the GDP in the fourth quarter showed a trend towards stabilization of economic activity and made it possible to store the year with a negative growth rate to the extent of 0.4% y / to, from -1.9% y / y in the previous year; the contribution of domestic demand, gross inventories was negative, reflecting the continued weakness in investment in equipment that is in buildings, which more than offset the modest signs of recovery in private consumption, while the contribution of exports remained positive overall. The absence of pressure from demand and in an increasingly important measure the decline in oil prices led to a further decline in inflation recorded in 2014: the average annual inflation rate amounted to 0.4% (1, 3% in 2013) and 0.2% (1.3% in 2013) respectively in the Euro zone and in Italy. The deterioration of the inflation and the gradual lowering of inflation expectations also on the time horizons of the medium to long term prompted the European Central Bank (ECB) to intervene on several occasions during the year, with the adoption of new expansive measures: at the monetary policy meeting on 5 June, the Bank reduced by 10 basis points the interest rate on the main refinancing operations, taking it from 0.25% to 0.15%, extended the period of supply of liquidity to banks with the mechanism of the fixed rate and the full acceptance of the application at least until December 2016, suspended the sterilization of purchases of government bonds made from 2010 to 2012 under the Securities Market Programme and announced the conduct of refinancing operations maturing in September 2018 (referred to as "targeted longer-term refinancing operations") designed to encourage the resumption of bank lending to the private sector. On September 4, the ECB further reduced by 10 basis points to the official rate, bringing it to the level of 0.05%, and announced the start, from the month of October, of a program of purchases of covered bonds and asset- backed securities (ABS) with underlying loans to the private sector. Finally, at the meeting of January 22, the Central Institute decided to expand the asset purchase program to include, in addition to ABS and covered bonds, debt securities issued by governments in the Euro zone, by national agencies and by supranational institutions: the monthly purchases of securities will amount to € 60 billion, will be held in the period March 2015-September 2016 and can still be carried out until the inflation trend is consistent with the objectives of price stability of the ECB. Purchases of government bonds will be distributed among the various states according to the shares of the national central banks to the ECB's capital; any losses associated with purchases of securities other than ABS and covered bonds will be shared only for the portion relating to securities issued by supranational institutions and 8% of the purchases of domestic securities, while the remaining portion the risks will remain in the hands of individual national central banks.

In Asia, Japan, according to the preliminary estimate, closed 2014 with zero growth, after + 1.6% in 2013. At the volatility shown by the dynamics of the GDP in the first half of the year (+5.5% q / q annualized and -6.7% respectively the First and Second Quarter), due largely to the increase in VAT (from 5% to 8%, as of 1 April 2014, which first sustained, in particular, the spending decisions of consumers in view of the subsequent tax increase, and then affected the Japanese economy), followed by the difficult recovery of the Second Semester. In fact between July and December, the recovery in consumption was modest (it had grown in 2 Quarters by a similar 1% q / q annualized, after -18.8% registered between April and June), and such as to postpone to 2017 the second rise in VAT (from 8% to 10%), scheduled for October 2015; limited was the net contribution of exports (respectively + 0.1% and + 0.2%), compared to a growth in exports that proved unresponsive to the significant weakening of the real effective exchange rate of the Yen. In terms of consumer prices, the growth rate of the index adjusted for fresh food (a reference point of the Central Bank), having been largely stable in the first half of 2014 at around 1.3 / 1.4% y / y , since the summer has been partially downsizing, in conjunction with the correction in energy prices: + 2.5% y / y detection of December, net of the transition impact and quantifiable by a 2 percentage point rise in VAT , results in a modest + 0.5% y / y. Concerned about the impact of the weak recovery in demand and the drop in oil prices on the process of escaping the country's deflation and formation of inflation expectations, on October 31 the central bank revised the monetary policy in an even more expansive direction and without posing any expiration time, a monetary policy which was already exceptionally accommodating, and had been conducted since April 2013. China, with growth of 7.4% y / y, slowing from 7.7% in 2013, and their lowest in 24 years, has missed the government target set for 2014 at 7.5%. Weak demand, excess capacity and falling commodities have resulted in a deflationary trend at the level of producer prices (-3.3% in December) and descending in terms of the dynamics of consumer prices (+1.5 % y / y in December, the lowest level since 2009), facilitating the operation of the economy by the central bank (PBoC), which in November cut interest rates on loans (-40 basis points to 5.6%) and on deposits for one year (down 25 basis points to 2.75%).In India, where the Second Semester, manifested a clear recovery of confidence in the business sector, the prospects for improvement fueled by the reform program pursued, in the aftermath of the May elections, with the new government of Prime Minister Modi, growth in 2014 stood, based on the new series of national accounts, at 7.2% y / y, from 6.4% in 2013. Inflation at the same time recorded a fast downsizing, going from 9% at the beginning 2014 to 5 % in December, well below the target set by the Central Bank at 8%. In Russia there has been a rapid deterioration in the macroeconomic implications for the stability of its banking system (growth slowing from 1.3% y / y in 2013 to + 0.6%, inflation accelerated from 6.1 % y / y in January to 11.4% in December), including sanctions imposed by the West with respect to the involvement in the affairs of Ukraine, the sharp drop in crude oil prices, the tightening of economic policies and the significant weakening of the ruble. In Brazil, which ended 2014 with no change in GDP, after + 2.5% in the previous year, inflation, since the Second Semester, continued to oscillate at near 6 5% y / y, around the upper limit of the band monitored by the Central Bank, despite the close at 175 basis points led on the cost of borrowing during the year.

Financial markets

The rates of return in the long term in the US were characterized by a stable trend for most of 2014 and a phase of decline in the last months of the year, fueled by expectations of slower normalization of the monetary policy of the Federal Reserve, the contained dynamics of consumer prices and the decline in inflation expectations and the contagion effect from Europe. On the other side of the ocean, in fact, the persistence of a framework of low growth and inflation helped raise the expectations of the operators to adopt more expansionary measures, in particular the possibility of purchases of government bonds by the ECB: in this context, the government yields, both of which core countries of the peripheral, have shown a continuous downward trend in 2014, reaching new lows. The average value of the ten-year German rate amounted to 1.23% in 2014, compared to a 1.63% average of 2013; the yield on ten-year BTPs stood at an average of 2.87% in 2014, from 4.3% last year. Concerns over the political instability greek, emerged at the end of 2014 and have intensified in early 2015, they have had a very limited impact on government bonds of the periphery.

In 2014 stock markets recorded an increase of about 2.1% (MSCI World). The major stock exchanges have continued to benefit from the improved economic situation in advanced economies and in the accommodative monetary policy by major central banks worldwide. These factors made it possible to limit the negative effects of some specific situations of geopolitical tensions, critical structural and cyclical weakness in some emerging economies.

The euro depreciated by 5% in nominal effective terms in 2014. The weakening of the single currency was particularly strong against the US dollar (around 12%), reflecting the growing differences in the orientation of monetary policy by the Federal Reserve and ECB.

Banking system

In 2014 the credit activity of the Italian banking system continued its dynamic contraction, albeit progressive easing in the second half of the year. The trend in loans continued to suffer from low investment demand on the one hand and the persistent risk of borrowers, albeit differentiated by business segment, on the other. The difficult operating environment continued to affect the quality of loans while maintaining the high cost of credit; transposition of the indications that emerged during the review of asset quality (AQR, Asset Quality Review) has further increased the loan loss provisions, weighing significantly on the overall profitability of the sector. The collection of aggregate banking system contracted in the year mainly in components in the medium / long term, as opposed to the holding of the most liquid types of deposits. Despite the massive capital increases made in 2014 by the leading Italian banking groups, the results of the Comprehensive Assessment of the ECB published in late October showed an overall alignment in the banks' capital position compared to that of the Italian banks of other countries in the Euro zone, next to some critical situations, partly due to the greater severity of the year for our system.

The Italian bank loans to the private resident sector were led in December 2014 to an altitude of 1,649 billion euro recording a decrease of 1.2%; the data shows an intensification of the decline trend in the first half of the year and then gradually downsize in the second half. In 2014, loans to businesses fell by 0.7% to € 808 billion, those families are arrears of 0.9% to 597 billion; in 2014 it is also set back the residual category of loans to other financial institutions (-3.3% to € 244 billion), which in December 2014 represented approximately 15% of loans to individuals. In the sector of households it continued the decline for the third consecutive year, albeit at a lower intensity. Loans to non-financial corporations recorded a reduction in the volume declines more pronounced, from -5.9% in December 2013 to 0.7% at the end 2014, extended to all maturities.

In the course of 2014 there continued the deterioration in credit quality. The volume of gross bad debts has led to the end of year at 184 billion euro, up by 17.8% over the previous year with a ratio of gross

NPLs and loans equal to 9.57% (from 8.08% at the end of 2013) and a ratio of net non-performing loans and investments of 4.6% (4.3% at end-2013); also in the case of the suffering of the system, there has been a slowdown in trend growth rates over the year.

At year end, the collection of Italian banks denominated in euro, represented by deposits of residents and bonds, has reached the level of EUR 2,093 billion, down 4.8% on an annual basis. The decline is entirely due to the strong reduction of the bond component which closes 2014 down 18%, at 709 billion euro: yearly bond deadlines have not been replaced by the same number of new issues because of the reduced need for collection in the medium to long term in view of the weak demand for loans and the availability of financing instruments by the Eurosystem. There remains positive the acceleration in the growth of current account deposits, which closed 2014 with an annual growth rate of 9.1% to 809 billion euro.

With regard to the statement of income, the main listed banking groups have ended the first nine months of the year with contained profitability although with an improvement on the same period last year due to lower value adjustments to loans (-4.3 %). Net banking income remained essentially stable (+ 0.3%) since the progress in net interest income (+ 1.8%) and net commission income (+ 4.8%) was curbed by lower trading income. However, the income statements for the first nine months still do not incorporate the significant loan loss provisions recorded in the last quarter of the application of the policy in the conservative assessment of credit consistent with the Asset Quality Review. At the invitation of the ECB, in fact, all banks have reviewed and amended their valuation processes of loans to customers in order to reduce the amount of misalignment between the measurements to the budget and the indications of the ECB itself. Few listed groups had already incorporated the results of Asset Quality Review and incorporated the related costs in the third quarter of 2014, while others have done so only in the fourth quarter, leading to a loss for the full year on the results aggregated for the sample of banks listed amounts to about 5 billion euro.

In anticipation of the Comprehensive Assessment at the start of preparatory of the Sole Supervision of the ECB, Italian banks have continued during 2014 the process of capital strengthening, achieved primarily through capital increases. In late September the Common Equity Tier 1 ratio average of the top 13 Italian banking groups listed had reached 11.1%.

Strategic issues

The Strategic Plan 2015-2017 is the first plan to be developed in Europe following the launch in November 2014 Banking Union and is characterized by a macroeconomic scenario of strong discontinuity with the past.

In this context, the whole plan of Gruppo Banca Sella has growth as the main directive, to be carried out as usual through the diversification of risks as described by the RAF - Risk Appetite Framework models and primarily through the strengthening of capital both due to self-financing and to extraordinary operations and capital increases.

The growth will be funded by investments to support innovation and change and will be achieved by adopting a new business model that aims at the development of the integrated report and quality advice. The improvement of the Customer and User Experience and openness to new technologies (including the offer of light banking - Hype) will be the drivers for the increase in the customer base, provided that, together with the review process, it is deemed necessary also to increase internal efficiency.

The implementation of the Plan in terms of achieving the objectives and targets will take place mainly through initiatives and projects, classified according to four guidelines:

- strengthening of equity;
- new business model and improvement of efficiency;
- regulatory and infrastructure adaptations;
- “ordinary” business projects;

The first three are closely related to discontinuities induced by the external scenario and the Strategic Plan and pursue objectives very relevant and valuable in the medium / long term, while the fourth focuses on projects that involve the various organizational units within the development framework to support the ordinary corporate development often in short-term horizon. The following table shows the main initiatives related to the first three lines.

As concerning the strengthening of capital the main initiatives include:

- a chance to carry out an operation to increase capital in the Banca Sella company;
- rationalization of the Group's corporate structure;
- sale of non-core assets;
- Banking Service.

In terms of development of the business model and improving efficiency the main initiatives are:

- new business model: the initiative to realize the model of integrated reporting aims to review the territorial presence of Banca Sella placing as central activities such as quality counseling through dedicated salespersons and where the transactional "one-stop" service is always offered but in a support measure. In relation to this new model there will be a need to rethink the current structure of the markets by bringing together the totality of customers from the current 5 markets (Private Families, Affluent, Individuals, Small Business and Companies) to 4 (Private Families, Individuals, Small Business , Companies) thus aligning the existing “Affluent” customers with the Families and Individuals market with total deposits of less than 300 thousand euro or to the Individuals market if with a superior amount of deposits;

- Indirect credi lines: it consists in the implementation of procedures / organizational processes designed to achieve the initiation of the offer towards customers of loans granted to operators outside the Gruppo Banca Sella, all in the scope of the overall 360° consulting service to customers and with a focus on risk management in terms of counterparty selection, reputational risk and compliance with the principles of disbursement and credit management;
- Open Bank: it provides the definition of an architecture, a methodology and a framework of governance that allows us to manage industrially the exposure to the outside of a set of interfaces (API) designed to allow the controlled access to services of the Information System Group by third parties such as Startups, companies or other entities. The initiative also will introduce a model of a different management of innovative projects through the wide use of Agile methodologies and the creation of mixed project teams consisting of staff both of external and internal derivation;
- multiacquiring: it refers to the signing of a partnership agreement between Banca Sella and global acquirers based in a foreign country that gives the possibility to apply a reduced Interchange Fee;
- Business reengineering process: it has as its objective the revision and improvement of the processes by which we expect recoveries of FTE and Enhanceent of the quality of service;
- Global company: foresees the adoption of organized forms of collaborative work, to leverage on the expertise accumulated in the company a foreign Group, in order to involve workers in terms of the development of business and not only at the level of implementation of activities designed in Italy.

<u>Regarding regulatory and infrastructural matters</u> the major initiatives are as follows:

- Circular 263 New provisions of prudential supervision in banks: it consists in an adjustment to the new provisions of the Internal Control System, Information System and Operational Continuity to supplement the "provisions for the prudential bank supervision" arranged by the Bank of Italy;
- IRB: includes the set of methodological, operational and applicative interventions whose goal is to ensure better oversight of credit risk management and, ultimately, to adopt our own internal model of calculations also for regulatory purposes;
- 2015 Anti-money laundering adaptations and AR / AUI 2014/2015: includes the projects necessary to ensure compliance with money laundering legislation both in terms of organization and as regards the adaptation of computer support pools;
- MiFID 2: includes the projects necessary in order to conform to MiFID II;
- Financial reform and European reports (ITS) initiative to complete alignment with the requirements laid down by European regulations' EBA (European Banking Authority) in terms of sending the new statistical reporting of budget, with the new information requirements, on time and with qualities as required by Italian and European supervisory authorities;
- H2O Convergence: involves the rewriting of the remaining Cobol / Host environment procedures in H2O with any related revision process in order to eliminate the operational and management burdens as well as is the necessity of maintaining the compatibilities present on these procedures;
- SEPA: foresees the adoption of instruments of payment and collection in line with the standard used by all countries that are part of SEPA;
- Dematerialization of checks: aims at the adaptation of processes, procedures and checks issued by Banca Sella to the transposition of "dematerialization of checks" legislation (Decree of the Ministry of Economics and Finance of 3 October 2014, n. 205), providing for the negotiation of checks between banks, in the form of images and digitized data instead of paper;
- Data Quality: is the set of projects to be activated to increase the quality, and data from the point of view of the relevance, accuracy, timeliness, accessibility and confrontability over time;

- Technological adjustments: includes the set of planning activities designed to maintain the adequate level of service and adequacy of infrastructure and middleware solutions to business needs in total alignment with the strategic evolution and in compliance with the best practices of proactive management and anticipating necessities.

Evolution in Group structure and equity investments

During the year 2014 there were no corporate transactions. After the final steps to rationalize its corporate structure, built in 2013, and implemented to allow for better articulation of services and products, the Banca Sella Group is made up of 20 companies, one of which is in liquidation.

Changes in the consolidation

During the year 2014 there were no changes in the consolidation and the articulation of Gruppo Banca Sella at 31 December 2014, together with an indication of the main investment relationships, appears in the Group schema entered in the first pages of this report. For further information relevant to the amount of shares and the availability of voting rights in the ordinary assembly, see Part A of the Notes - General part A1.

Consolidated companies

With regard to the consolidated companies, in 2014 there were minimal changes in the following percentages of the Group:

Changes in shareholdings

Company	From	To	Operation
Banca Patrimoni Sella & C. S.p.A.	74.358%	74.379%	Buying and selling
Biella Leasing S.p.A	99.830%	99.860%	Buying
Consel S.p.A.	67.412%	67.432%	Buying
Sella Gestioni SGR S.p.A.	95.072%	96.066%	Buying
Brosel S.p.A	96.000%	96.500%	Buying

Companies consolidated at equity

No changes regarding the companies consolidated by the equity method.

Distribution channels and business model

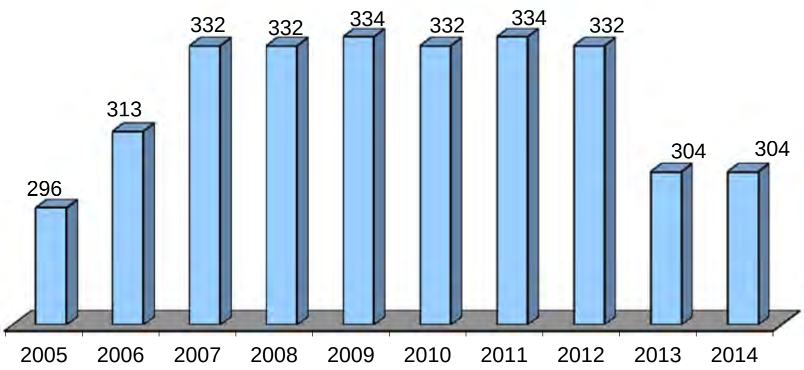
Bank branches

At the end of 2014 the number of branches of the Group amounted to 304 branches, thus being unchanged compared to 31 December 2013.

During the year there were still a number of actions of territorial reorganization, aimed at optimizing the local presence and customer relations:

- opening of the branch of Banca Sella at Erba (with BPA), with the simultaneous closure of the branch of Ronco Biellese (it remains open as a Treasury);
- opening of the Private point of Banca Sella in Rome in Piazza Cavour, with the simultaneous closure of the branch of Foglizzo (it remains open as a treasury).

Evolution of the number of branches of the Group in the last 10 years



In addition to the above, the Network Area of Banca Sella (which affects the total number of branches of the Group with 96.4%) promoted a reorganization in the structures of the Territory, constituting, starting in 2014, the Territories "Turin City-North Turin" and "Turin, South Piedmont and Liguria" (from the separation of the former Territory Turin, southern Piedmont and Liguria) and from November 2014, the division of the former “Central and South-East territory", by changing the composition of the "Southern Territory" (previously named "South-West Territory"), which incorporated branches of Puglia and creating the "Lazio and Sardinia Territory."

Always along the same lines, there have been adopted strategies specifically for the branches in difficulty of growth and profitability, and ad hoc policies for companies that operate in contexts where there is a very widespread distribution.

During 2014, there continued the adoption of territorial branches into "unified" branches (unification several branches close to each other), with the goal of having more structured and organized branches, in order to increase the level of advice and expertise available to customers.

Group bank branches

Company	Branches at 12/31/2014	% of the total 2014	Branches at 12/31/2013	% of the total 2013
Italian banks				
Banca Patrimoni Sella & C. S.p.A.	10	3.3%	10	3.3%
Banca Sella S.p.A.	293	96.4%	293	96.4%
Banca Sella Holding S.p.A.	1	0.3%	1	0.3%
Total branches Italy	**304**	**100.0%**	**304**	**100.0%**
Total Group branches	**304**	**100.0%**	**304**	**100.7%**
Geographical breakdown of branches of Banca Sella				
North West (Piedmont, Valle d'Aosta, Lombardy, Liguria)	162	55.3%	162	55.6%
North East (Veneto, Trentino, Emilia Romagna, Friuli)	28	9.6%	28	17.6%
Centre (Tuscany, Lazio, Molise, Abruzzo, Marche)	35	11.9%	34	11.6%
South and Islands (Campania, Apulia, Sicily, Sardinia)	68	23.2%	68	23.2%
Total branches	**293**	**100.0%**	**293**	**100.0%**

Banca Sella contains within itself almost all of the branches as the only network bank of the Group, in fact, the proportion of the total stood at 96.4%; the remaining 3.6% is divided between Banca Sella & C. Heritage which with 10 branches oversees the component private component and the banking network of financial advisers, and the parent company Banca Sella Holding present with the headquarters.

Financial advisors

In the commercial network of Banca Sella Heritage & C. there are 331 financial advisors, 36 more than the 295 units in the previous year, operating mainly on investment services at the bank itself and in synergy with other commercial channels of the Group.

These do business at 10 branches and 23 offices for financial promotion over the entire national territory.

Agents of payment systems

At 31 December 2014, the commercial network of the Banca Sella Group also included 47 agents of payment systems, holding a dual mandate: an Agency mandate issued by the company Easy Nolo to promote Easy Nolo commercial products / services (eg. POS rental, Fidelity cards, Gestpay rental platform) and one for the Acquiring service (the intermediation of financial flows related to the acceptance of the cards that are valid on international circuits) with Banca Sella on the whole national territory.

Other channels

The Group's commercial activity is carried out also:

- in the field of consumer credit, through 17 direct branches of the Consel company, 2 affiliate "Consel Points" and over 3,700 points of sale in 2014 active throughout the Italian territory;
- in the field of finance leasing, through 9 branches of the company Biella Leasing, over the as well as the headquarters of Biella;
- in the asset management and investment advisory sector with the companies Sella Gestioni Sgr and Family Advisory Sim; in the insurance services sector with the companies CBA Vita and Sella Life and in the insurance brokerage sector with the company Brosel.

Private banking

The Private Banking sector of the Banca Sella Group includes the company Heritage Bank Sella & C. and the Private Banking division of Banca Sella. The total stock of Private Banking of the Banca Sella Group at 31 December 2014 was approximately 13,300 million euro, an increase of 1,470 million euro compared to 31 December 2013.

Total net inflows of Private Banking of the Group grew in 2014 by 939 million euro, thus consolidating the volumetric growth trend already expressed in recent years.

The in-depth knowledge of the Private (Individual) customer by the Private Banker / Financial Advisor of the Group, combined with high professionalism of the same Private Banker / Financial Advisor, favors a gradual and essential process of removal from single financial instrument to pursue a career in consulting and support over the total assets of the client. It is also the service model adopted for the private banking of the group, to revolve around the customer and not vice versa; therefore, the goal that we pursue is to listen to customer needs that are not necessarily related only to the management of investments, while these still remain the main component.

The market performance in 2014 was mainly characterized by a fall in interest rates, which were expected to rise almost unanimously. The inflation rate in Europe has approached zero. The main world stock markets have shown positive trends, with some difficulty in some emerging countries, such as Russia and Brazil. Equity markets in Europe have instead registered a similar trend.

In this context, the asset mix of customers of Banca Sella & C. Heritage at the end of 2014 was represented, at 56%, by individual portfolio management and mutual funds; for Banca Sella Private Banking the same figure accounted for 40%. In 2014 there was a growth of the insurance component that stands at roughly 4% in both banks.

In 2014 the company Family Advisory Sim Sella & Partners, the company Family Office owned 85% by Heritage Bank Sella & C. and 15% by the management of the same company, recorded a Collection Under Advisory amounting to 1,090 million euro.

As for the rise in sales, the operating income of the Private Banking of the Group, net of extraordinary events recorded by Banca Sella & C Heritage, from the sale of securities in the category financial assets held to maturity, marked an improvement of 15% compared to last year.

Sales Network

As regards Banca Sella, 2014 was marked by the further development of the Commercial Bank Model and the Business Mix, according to the strategies initiated in 2013 and implemented from the Commercial Markets. In general, there was continued the structuring of the contents of the proposal and dedicated service to customers through a growing specialization of offer, and language skills as part of a "segment" characterization, able to enhance the consulting, personalization services and products and the flexibility of the instruments of contact and relationship. Commercial Markets have developed communities targeted at specific professional categories of reference, developed business plans to market, promoted the expansion of the product range, set and developed specialized training programs, developed, inspired and spread a vast production information on products, services and business issues, and supported the potential of the approach by type of customer requirements. The organization dedicated to the business relationship with the customer has been implemented through several factors: it has gradually given greater awareness and stability to the role, including through dissemination of merged branches (with optimization of the potential related to the circular and off-site offering), there continued the evolution of the features of the workstation (the front end dedicated to the development and management of customer relations) and specialization of the training activities has increased.

Very positive was the experience of the Service of Bank Online, which has certainly strengthened the position of supply and services on that channel, but also promoted, for the benefit of all customers, innovation and the development of multi-channel and digitizing services, in support of a full integrated Bank / customer relationship.

During the year, therefore, experiences have been consolidated and visions strengthened that were at the basis of the evolutionary lines of the new Strategic Plan 2015-17, and in addition, clear development trends on the main markets have been outlined.

The service for retail customers has benefited much from the growing use of multi-channel operations, as part of a comprehensive approach to the needs, projects and life cycle. The consulting content on retirement planning and insurance was reinforced, to enhance savings and debt sustainability. The mix of assistance at the counter, connoted as "traditional" in support of transactional operations, together with the potential of direct channels and self-performed operations, emphasized the values of a progressive centralization of product policies and business contacts, with the physical presence on the territory, in the service of an active and qualified comparison on basic allocation decisions for the family. Not surprisingly, the market and private households recorded significant results on the acquisition of funding flows (growth of performing accounts, gradual reduction in the churn rate and improvement of the asset mix on the collection), with significant growth in the share of assets under management. Equally important were the dynamics of the acquisition of new customers, which confirms the importance of the positioning achieved and which is still developing along the online channels and offer, without excessive marketing investments.

The affluent and private markets have demonstrated the wide appeal of a consultative approach as part of a fully integrated multi-channel relationship. The competitive advantage on the issues of investment management is clear, which uses a wide open architecture enhanced by customizing of consulting models and content, and by the gradual empowerment of dedicated specialized figures. In general, there has proven to be successful, especially in perspective, the adoption of an evolutionary logic in the criteria for customer segmentation and therefore the subsequent targeting of services and offer (before pricing). The self-employed, small businesses and micro enterprises have expressed high satisfaction in our digital solutions, in particular on collection and payment systems, with the ability to customize the approach and then the tools of credit, maintaining the sensitivity and vision of the personal and private dimension combined with the professional and entrepreneurial.

For SMEs there was a clear need to develop an approach for specific market targets, with the strengthening of experience, expertise and networking at the service of offerings that are increasingly extended to businesses and integrated with technology throughout the business life cycle, from the Start Up until the generational shift.

As a summary, on the so-called small business market, the experience of 2014 showed a leap in quality and efficiency (both in terms of customer satisfaction and in terms of the earnings and volume obtained) where we have added dedicated customer specialists, according to that model of quality advice and integrated relationship that fits into the broader network positioning and business model.

The Business market, to whose service was dedicated to a growing number of trade figures, stressed the need to increase and consolidate skills of some distinctive elements of consultation: internationalization, corporate finance and digitization with the ability to extend the vision of the customer element concerning the entrepreneur and his family. To these essential components are added an increasing willingness to exchange more and more transparent and continuous performance information and business plans, the starting point for more effective consulting activities and a more functional pricing policy and technical form. These are trends at the base of a new planning regarding the breakdown of skills at the service of the entrepreneur and businesses that are the foundation of the development guidelines on the market for the next three years.

Very effective has been the growing role on the territory by specialized figures dedicated to the issues of the digital economy, which on one hand involved the entire network in an accelerated process of awareness and knowledge, and on the other have reinforced the image of a Bank capable of anticipating trends, innovating processes and business models, in a continuity of traditions and values particularly sought after, as seen from the dynamics of economic flows and market shares in the year.

Focusing on the issues of financial planning and insurance, as part of consulting services dedicated to private customers and businesses, has given a good boost to the collaboration between the various Group companies that offer services to customers in terms of business development, research into new products and services and project development. In particular, a collaboration with Sella Gestioni, CBA Vita and Sella Life led to a revival of interest in the issues of complementary and integrative pensions, in product innovation in the Unit Linked, and in the activity of support to the principles of asset allocation and "risk-reward" trade off in the investment component.

Interesting were the tasks set by the commercial networks with Brosel, regarding trading insurance, in line with the approach to an increasingly 360° consultation for the business customer, and in the widespread approach designed to increase levels of service provided to the customer, also through products not only related to direct credit, but also to protect against hazards, all the way to business financing.

This approach is involving the Group commercial networks in higher sensitivity and competence (also on indirect credit exposures) and that directs it towards innovation, in line with other developments undertaken by the Group as a whole.

Finally, there should also be pointed out the joint activities with Biella Leasing, particularly with the Sales Network of Banca Sella, both to share the possibilities of service and business customers on the common clientele, and in the sign of the general sharing of expertise and experience at the basis of the model of service and development towards the customer that characterizes Banca Sella.

Electronic channels

Contact center

Also in 2014 there continued the upward trend of the contacts to the Contact Center, an increase of 9% compared to 2013. For the telephone banking service there has remained stable the percentage of provisions made on the operator, which stands at 74%.

The service SAS (Support To Development) has enhanced the business development activities, increasing by 14% over the previous year the products programmed and put in place to support the network.

In addition, starting from last July, the telephone calls made by customers of branches are centrally managed; the Customer caller can choose to speak directly with the branch for insurance issues, loans or investments or take advantage of the service centralized at SAS, to receive information on their accounts or our products. The service is still experimental and limited to 4 branches.

As for the service SAS Insurance during the year there were carried out activities of contact and engagement of customers with the aim of making appointments in the branch; from March customers have been offered the possibility to renew their automobile liability insurance on the phone without having to go into a branch.

Marketing

The marketing department has worked in 2014 to achieve the following strategic objectives:

- acquisition of private customers;
- acquisition of corporate customers;
- achieving customer loyalty from the customers in our portfolio.

Based on these objectives, the actions of the year focused on the acquisition of new customers, the focus on customers and the importance of the relationship with the same.

Acquisition of new customers

In order to acquire customers we have launched various advertising campaigns for both the private world and for the business world.

The most important, in terms of dedicated resources and existing customers, is the private (individual) campaign "We take into account your future." The flagship product, totally online, was the WebSella.it current account. Associated objectives of the campaign were those of branding, namely strengthening the brand awareness of Banca Sella.

Banca Sella has launched a campaign to acquire new customers with a very interesting offer of mortgages for private customers. The communication campaign has used online and offline channels and achieved excellent results both in terms of acquiring new clients and in terms of customer loyalty.

More advanced customers were presented with the offer of the online campaign “Income Trader” and innovative services associated with it, such as the new platform Sella Extreme 5: to assist the campaign numerous training events were organized in the area to illustrate the tools to customers and present the techniques of online trading.

In 2014 the Group has been very close to businesses, signing new partnerships and serving as a facilitator to help businesses seize the opportunities offered by the digital economy: e-commerce, mobile payment, invoicing, foreign trade service; these were the themes addressed in numerous events organized throughout the country.

The online communication campaign for businesses has been focused on the promotion of the e-Commerce Gestpay, the flagship offering for the digital economy services of the Group.

The second strategic objective of marketing activities for the year 2014 was the centrality of the customer in regard to our way of banking. All the actions taken, the events organized, the collaborations entered into, the products and services created, have been designed and built based on the needs that customers have expressed through various relationship channels available.

As for the events organized by the Marketing department, a very important part focused on events in the area, mainly dedicated to companies on issues of the digital economy and the internationalization of business. These have been flanked by other events dedicated to the world of business which all focused on innovation.

As for the sphere of individuals or private customers, most events were dedicated to online trading. These have been flanked by several initiatives dedicated to private clients and, at the end of the year, saw the start of the first training sessions devoted to the issues of autonomous operations and pensions.

Another important aspect, which underlines the Group's willingness to act as a partner of the business projects of its clients, is represented by the close collaboration with industry associations. In particular we point out the continuation of the collaboration with Milano Unica, the collaboration with the Industrial Association of Biella, with NetComm, with Maggiora Motocross and Confindustria Salerno.

Direct channels

The Direct Channels service, which has as its main mission to promote and foster the development of multi-channels and customer relations through all available channels, in 2014 has carried out numerous projects of expanding services for the client.

As for mobile banking, the App Sella.it introduces additional enhancements to the user experience and the speed of the application; the app has also been enhanced with new features, the most important of which are the ability to:

- apply for renewal of one’s expiring TPL Inchiaro policy;
- make bill payments through the use of one’s smartphone / tablet camera;
- pay the car property tax.

There have also been strengthened the services available to Windows Phone customers.

Besides that, last July there was made available the new completely renewed version of the Family Budget, renamed "My Accounts", which allows one to have under control the expenditure and revenue on one’s accounts and cards, to set a general and by-category budget, and to monitor one’s progress over time.

In terms of growth, the mobile channel has increased by 35% over the previous year the customers who have effected at least one transaction by mobile device.

There also continued the expansion of functions available within the Internet Banking service and the improvement of the user experience of some sections; among the most important activities we highlight the valuation of the securities account in real time with quick access to operations and payment of CBILL payment slips.

Regarding instead the free portals of the Group, among the most significant changes, we point out:

- customizing the banner present on the Home Page of the Sella.it website for all customers who have authorized the use of cookies;
- the revision of the website websella.it, also in concert with the marketing initiatives and investments in terms of advertising.

Together with the new website websella.it, with the aim to make product subscription easy and pleasant and thus increase conversions, there was also redefined the process of applying for associated product subscription: in particular, since November, the customer can complete entirely online his or her request using a digital signature, without having to print any document.

Social Media Banking

During 2014, the service has been involved in the identification of new business generated by the combination of services, digital products and the potential of social media.

2014 saw an increase in both the base fans / followers and interactions; in consequence there were created specific projects that have allowed us to increase the degree of visibility of the brand.

There have been actions of overall repositioning, and of changes in the structure of communication, promotion and delivery of care to customers.

The social customer care service on all social channels utilized saw an evolution: the adoption of new platforms, between 2014 and 2015, will organize a process similar to that of other traditional and digital channels of assistance.

Ongoing projects will allow to identify and implement banking products and services to be displayed directly on social media such as, for example, the evolution of Home Banking Sella.it on Facebook.

SellaLab

This is an initiative in support of Start Ups and SMEs which aims to bring (useful / effective) innovation within the Banca Sella Group and, more generally, induce and promote the economic development of the territory; Sellalab conducts research, development and innovation in support of the business areas of the Banca Sella Group to help capture fast emerging innovations and development opportunities and opportunities of accelerators ideas, supporting start-ups and SMEs, helping them to reap the benefits of the digital economy.

Sellalab aims to create a network of knowledge and ideas in order to contribute to the development of the Group and its human capital.

In pursuing these objectives, the service aims to build a strong network of relationships, consisting of incubators, accelerators, venture capitalists, start-ups, entrepreneurs, universities and research centers. The "value proposition" that sees mostly mentoring, networking, and banking, strengthens the local area with the co-working space. In 2014 the activities of SELLALAB have reviewed about 350 business plans, managing to create a formalized relationship with 21 of them, including 18 in the Biella area, one in Milan, one in Catania and one in Rome.

A startup (hype) has entered the production cycle of the Banca Sella Group, and two other projects are in the prototype stage. The local promotion of digital literacy in 2014 saw more than 18 evening events, with an average attendance of 70 people per event and a total of 650 unique names towards whom today it is carrying out upselling and crosselling by Social and Email Marketing communication channels. SELLALAB actively participated at another 20 events on the national territory, by both attending and giving presentations, as well as two abroad on international territory (London and San Francisco).

The startup which entered into the production cycle has participated in the design and implementation of the Hype project which has the mission to position itself on the digital market with a new way of banking, one that is smarter, more informal, and simpler, in which the customer's experience becomes the central element for the acquisition, retention and satisfaction of the same. It appeals to the target of digital enthusiasts, as well as specific targets such as individuals who are not yet banking.

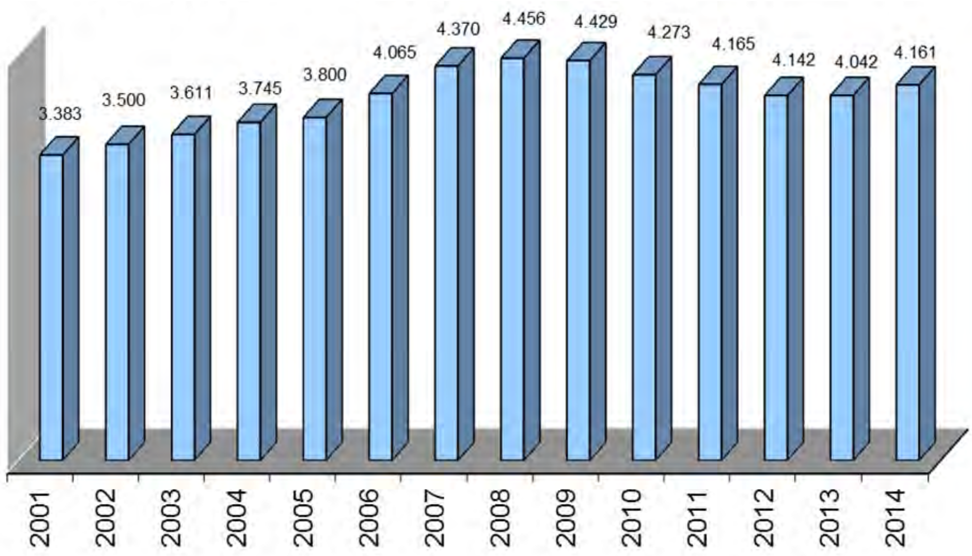
Human Resources

Management and development

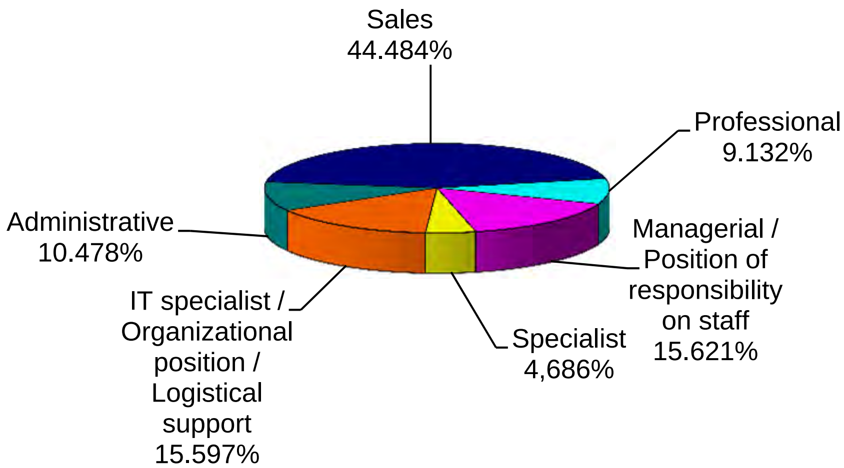
At 31 December 2014, the staff of the Banca Sella Group stood at 4,161 employees, an increase of 119 units compared with the end of 2013. The headcount of the banking group alone (thus excluding the companies in the insurance sector) showed a number of employees at year-end totalling 4,117, an increase of 116 units compared to 2013.

The workforce has been strengthened in almost all the companies of the Group, in particular in Banca Sella (+37 units) and Selir (+66), except for Consel and Banca Sella Holding.

Evolution of the number of employees of the Group in the last 14 years



At the end of 2014 the average age of Group employees was approximately 39.37 years and the female component accounted for 50.5% of the total workforce. The average age is slightly higher than last year, when it had stood at 39.07 years, while the female component accounted for 50.2% of the total. The chart below is a detail illustrating the distribution of staff among the different professional figures.



The following table, instead, is a breakdown of the workforce by company, with the related impact on the staff total. 2014 was not characterized by particular corporate transactions, therefore the deviations in the number of employees of the companies compared with last year are due to natural turnover and new recruits.

GROUP STAFF

Company	Employees at 12/31/2014	% of the 2014 total	Employees at 12/31/2013	% of the 2013 total	Change	
					absolute	%
Parent Company						
Banca Sella Holding SpA	230	5.5%	240	5.9%	-10	-4.2%
Banking group Gruppo Banca Sella						
Heritage Bank Sella & C.	194	4.7%	181	4.5%	13	7.2%
Banca Sella SpA	2,750	66.1%	2,713	67.1%	37	1.4%
Chennai Branch - Banca Sella	213	5.1%	199	4.9%	14	7.0%
Biella Leasing SpA	63	1.5%	62	1.5%	1	1.6%
Consel SpA	252	6.1%	260	6.4%	-8	-3.1%
Easy Nolo SpA	2	0.0%	2	0.0%	-	0.0%
Family Advisory SIM SpA	5	0.1%	4	0.1%	1	25.0%
Selir Srl	359	8.6%	293	7.2%	66	22.5%
Miret SA	2	0.0%	2	0.0%	-	0.0%
Sella Gestioni SGR SpA	47	1.1%	45	1.1%	2	4.4%
Total banking group of Gruppo Banca Sella	**4,117**	**98.9%**	**4,001**	**99.0%**	**116**	**2.9%**
Total average banking group of Gruppo Banca Sella	**4,059**		**4,051**		**8**	**0.2%**
Brosel SpA	17	0.4%	15	0.4%	2	13.3%
CBA Vita SpA	21	0.5%	20	0.5%	1	5.0%
Sella Life Ltd	6	0.1%	6	0.1%	-	0.0%
Total statutory group of Gruppo Banca Sella	**4,161**	**100.0%**	**4,042**	**100.0%**	**119**	**2.9%**
Total average statutory group of Gruppo Banca Sella	**4,102**		**4,092**		**10**	**0.2%**

The data analysis shows that the companies that most affects the total number of staff is Banca Sella, the Commercial Bank Group (with 66.1% of the total excluding the Indian Branch).

The foreign Group companies (Selir in Romania; Miret in Luxembourg; Sella Life in Ireland) together account for 8.8% of the total. If in addition there is the figure for the Chennai Branch, the permanent Indian establishment of Banca Sella, the weight of the total stood at 13.9%.

Training

Also in the year 2014, just as in the above example, the Banca Sella Group has identified in people, and in their professionalism, one of the key factors to continue its history of success and service to the customer in the current macroeconomic scenario. In this context, work continued on the Corporate University, a dedicated training facility, with the aim of:

- diffusing company's values and culture;
- developing managerial and specialized skills;

- supporting research and innovation;

In relation to knowledge, in the process of the annual assessment of each manager we evaluated the knowledge of their employees; this important opportunity for discussion is a fundamental moment for the professional improvement of each employee as it allows us to align mutual expectations and build a yearly shared plan of professional improvement. Some of the training provided during the year was designed based on the gap that emerged following the mapping of knowledge.

Regarding the contents of the program, alongside the traditional subject areas (legislation, operational, behavioral, technical and commercial) in 2014, the main projects included:

- for all employees who carry out, inside the chain of credit, the management of the relationship with businesses: an assessment of knowledge on three specific areas was organized (qualitative aspects of business, financial statements and economic and financial analysis, business plan assessments and forecasts) and subsequently classroom courses were given, differentiated by level depending on the results of the assessment, by outside teachers, aimed at studying the issues under assessment;
- for the private and affluent segment, a technical-sales path of deepening their knowledge: of the competitive landscape, of asset management, of tax planning and private insurance;
- for employees with high seniority (aged over 55), consistent with the results of research conducted in November 2013 by the University of Milan, a process aimed at: the enhancement of experience and expertise, and at the updating of knowledge, with particular reference to the world of digital technologies and social media;
- for managerial and specialist roles, strengthening the command of English: with individual and group courses managed either by the presence of a teacher and through a multimedia platform for managing tasks and individual study.

Overall in the Group approximately 128,000 hours of training were received, of which about 38,369 in e-learning. The total amount of hours is higher than last year (+ 9%), while the distribution between in-company and external courses, while confirming the setting initiated in previous years towards a prevalence of teaching within the Group to support the dissemination of the corporate values and culture, has seen a significant increase in external teaching for specialized topics and openness to dialogue and integration with the outside. In detail, the hours of training provided by internal teachers were 65% of the total number of hours furnished.

The training involved about 81% of the workforce (with a 12% decrease compared to the previous year), with a cost of about 1.2 million euro (twice the previous year, as consistent with the strategy to balance in a greater way the training through internal teaching with that of external teaching).

The persons authorized in insurance intermediation at year end numbered 1,513 (-1% compared to last year, in line with the reorganization of the sales network), 1% of which is represented by colleagues trained and certified in the year, while the remaining 99 % are colleagues trained for the annual maintenance of the certification obtained in previous years.

As regards, however, the tools used for distance learning, in 2014 there decreased slightly compared to last year the number of hours of training in a virtual classroom (approximately 26,087 hours, equivalent to 20% of total training hours) as such a mode, combining the benefits of educational training synchronous with the organizational and logistical advantages of distance learning, has been used for short-term training courses periodically, designed to promote alignment / orientation / supervision of behavior.

Other information

For further information regarding relations with human resources, equal opportunities, conventions and initiatives for employees, and to their involvement in the events dedicated to them, see the annual report on corporate social responsibility.

Operating Structure

Research and development

ABI Workgroups

During the year, the Group companies have participated in the work of the Technical Committees and Working Groups within the ABI (Italian Banking Association).

Among these are:

- groups working in the context of the Tax sector: "Declaratory judgements by banks", "Direct taxes", "indirect taxes", "Financial Taxation" "FATCA";
- groups working in the context of the Payment Systems sector: "electronic sales deposits", "Cheques", "Payments";
- groups working in the context of the Corporate sector: "Company", "Banking Order";
- the working group "Internal Communication";
- the Technical Committee for Communications;
- working groups "Claims Office", "Consumer Bank";
- the working group "Risk Liquidity: limits and stress test", "Banking Union", "Internal Control System", "Pillar 2";
- the working group "Technical Study Group for security";
- the working group "Management of cash";
- the working group "Custodian of the funds";
- the working group "Financing compliance";
- in the context of ABILAB (Center for research and development of technologies for the bank, founded in 2002 on the initiative of the ABI in order to create an environment for interaction and exchange between banks and ICT partners and to realize activities of research and development on innovative technologies for the management of processes, channels and security in the bank) the "Electronic Document" working groups and the observers "Observatory IT architecture", "Observatory on the Contact Center Bank", "Observatory internal Help Desk", "Observatory Information Governance ".

Information Technology

During the year the activity of Information Technology has been oriented towards updating existing applications and developing new applications, with particular attention to the flexibility of the architecture of the Information System, of skill development of staff, the availability of resources for analysis and planning and the constant improvement in productivity both inside and outside the IT organization.

Among the numerous activities carried out during the year the most significant are set out below:

- in the context of “Mobile” solutions we highlight the expansion of functionalities usable by customers through the platform of Mobile Banking, in particular the function of "FondiOnline" was integrated into the same; specific functions have also been released for use, in the "Mobile" context, the platform Trading On Line and Mobile Payment;
- in the context of business media development the business desk solution destined for the sales network has been expanded; the logic and processes for customer management were revised and reorganized with the same criteria used for the management of the portfolios assigned to each sales figure; the depth of economic performance data of the customer portfolios managed by each business figure has been extended;
- within TradingOnLine the final version of the professional trading platform called "SellaExtreme5" was released, reviewing the interface dedicated to trading activities from tablets and, more

generally, with the mobile devices of intermediate size, from the traditional tablet to the smartphone. The planning activities were also finalized that will lead, at the beginning of 2015, to the release of the functionality for access to the Forex market plus a series of advanced functions such as the multiday lever;

- the continued evolution of the Multibank Information System aimed at maintaining the compliance with the new regulatory requirements;
- in the context of Green IT there continued the activities of a virtualization / migration of physical servers related to Windows and Linux environments to an internal Private Cloud structure; this activity combined with the other actions in this area has led to a total saving of 31% on the energy absorption of the data center compared with 2013 and a simplification and optimization of procedures for Disaster Recovery and Business Countinuity;
- the continuation of the activities of process optimization of printing, with particular reference to increase of use by customers of electronic versions of documents available on the SellaBox application and the review of mechanisms of aggregation of communications aimed at optimizing the production of paper documents, has led to an overall reduction of 4% of the printed volumes compared to last year and a consequent reduction of environmental impact;
- the use of new printing systems for the offices of Head Office and branches, as well as having introduced several new features, allowed to rationalize the printer fleet by reducing it in terms of the number of pages printed, and thanks to better control of work volumes;
- the expansion of solutions that promote the use in a mobility for colleagues of some components of the information system have led to an increase of mobile stations at the expense of fixed locations, in this area there was initiated a program of extensive refurbishment of all infrastructure and solutions related to mail systems, video and documentary that will be released during 2015 and will address in a timely manner the sphere of mobility allowing to improve and increase the use of company resources in this context;
- the continuous monitoring of the response time of applications used either through the internal network or through the Internet channel, combined with the technological renovation work on the central components and projects of continuous improvement of applications, including in particular those relating to the online components of Trading and Home / Mobile Banking, have helped to improve the average response times especially during periods of peak usage;
- the regular management of service levels for all functions provided, the identification of the causes of malfunctions and correcting them combined with proactive management of infrastructure has led to an improvement in quality and a continuity of a service on all online platforms;
- the recurring activities of a search for innovative solutions and implementation of the same in the field of infrastructure, combined with the actions taken for the increase in internal productivity of software development teams, have enabled us to contain the overall costs of operation;
- the increase in the number of software services exposed by the Corporate Information System in order to pursue the line of application development to decouple logic of use and navigation (User and Customer Experience) from business logic; this architectural choice will favor a new initiative for the exposure of an ecosystem of banking API that is structured and arranged for extensive use;
- the introduction in the production environment of an instrument of BPM (Business Process Management), with which there is in process the implementation of an initial pilot scope which then will be followed by others in the course of next year; this instrument will allow us to support the activities of a structural review of processes allowing to highlight the actual measurement of the times of "passing through" the process; the project of submitting the process to the BPM and revision instrument will proceed gradually over 2014-2017;
- the adaptation of the Data Center by the renewing of the technological infrastructure of the central server, in order to maintain adequate infrastructure and technology such as to make them suitable to support the growth in volumes, allowing, among other things, the reduction of energy consumption in a Green IT optic;
- the progressive adoption of open source software in the context of production environments;
- continuing the process of adoption of an organizational model in the context of the sector of Application Development aimed at making a sharper distinction between the activities of a managerial character from those of a project with a consequent improvement in the time of delivery

of the projects and an increase in efficiency and quality in the context of the management of application procedures;

- the orientation to the growth of new roles and responsibilities at the foreign Group companies, in order to allow a more efficient implementation of design solutions as well as to maximize the skills created over time;
- the investment in training on techniques of engineering requirements, based on best market practices, and other areas necessary for the harmonious development and maintenance of proper internal expertise in relation to the objectives of architectural evolution;
- the extension of the inland areas to the locations covered by the WiFi network to which were gradually enabled mobile business devices;
- the definition of a methodology and a process for measuring computer risk, the activity has resulted in a harmonization process already existing, leading to their simplification and introducing the objective measurement of the new indicator of risk;
- the definition of a policy for the Data Quality and Data Governance which was followed by the introduction of specific software tools for ETL (Extract, Transform, Load) in support of the implementation of the same in an efficient manner;
- the revision of national legislation on the issue of change management where we proceeded to a harmonization of what is already in place and a widening of the use of the CMDB (Change Management Data Base) company to all the companies of a group and the components infrastructures that were previously excluded.

Report on corporate governance and ownership structure

Banca Sella Holding is the parent company of the banking group called "Gruppo Banca Sella". The ownership structure that, from the start (1886) has always characterized the company, has also resulted in the governance structure, favoring the maintenance over time of the values and principles which underlie a prudent approach to banking , stability-oriented and with sustainable development in the long run, based on knowing how to promote the interests of the customer, taking care of careful recruitment and risk management, and pursuing a strong self-financing.

The share capital (Art. 5 of the Statute), fully subscribed and paid, is EUR 107,013,670.00 represented by 214,027,340 shares with a nominal value of € 0.50 (zero point five) each, divided into two categories of shares pursuant to Article 2348 of the Civil Code, composed of:

- n. 209,976,000 ordinary shares;
- n. 4,051,340 special shares.

The Ordinary Shares and the Special Shares grant the same rights both regarding administration and capital established by law and the By-laws, except for the different rights that, under Article 2348 of the Civil Code, characterize the Special Shares.

Each Share carries the right to one vote, subject to the limitations laid out by art.12 of the Articles.

According to art. 8.1 of the Articles of Association, the holders of Ordinary Shares have the right of first refusal in the event of sale of full or bare ownership of shares of Common Stock, option rights or fractional stock rights (the grant or fractional good) and usufruct on Ordinary Shares themselves. The Ordinary Shares may not be transferred, with effect towards the Company, to parties other than consanguine descendants of the transferor in a straight line, by Group companies and other holders of Ordinary Shares, if they have not been previously offered in option to the latter with right of accretion among them.

The Special Shares:

- may be held only by "Employees", "Retired", "Stable Collaborators" or "Full Members", as defined by art. 7 of the By-laws;
- are subject to the limit of Possession laid down in art. 7 of the By-laws; - it is not allowed - if not to a company by way of own shares, in accordance with the law, as well as to the Ordinary Members – to become buyers and acquire special shares in excess of 0.25% of the total number of Shares that comprise the share capital;
- are subject to the limits of movement referred to in art. 8.2 of the By-laws, that is, the Special Shares can only be transferred in favor of "Employees", "Retired", "Stable Collaborators" or "Full Members", upon verification of their status by the Board of Directors;
- are subject to redemption and have the right of sale governed by art. 8.3 of the By-laws in case of loss of status of "Employees", "Retired", "Stable Collaborators" or "Full Members";
- are subject to the limit of voting referred to by art. 12 of the By-laws, the voting rights of the Special Shares is limited to a maximum of votes for each holder of 0.01% of the total number of shares that comprise the share capital;
- are subject to the limits of representation referred to in art. 13 of the By-laws, that is, the holders of Special Shares cannot be represented for purposes of intervention or vote at the ordinary and extraordinary assemblies.

No shares have been issued with special rights of control or special powers.

At the date of approval of the financial statements, there are no further restrictions on the exercise of voting rights and there are no agreements between shareholders.

The Council has been empowered by the shareholders to make capital increases pursuant to art. 2443 of the Civil Code, nor to issue equity instruments.

There have not been approved by the shareholders the authorization to acquire own shares pursuant to articles. 2357 et seq.

Banca Sella Holding is not subject to management and coordination by other legal entities.

The exercise of good corporate governance requires a corporate structure that best achieve the relational coherence necessary between ownership and the governance structure, whose presence is a key factor of success.

The traditional system of governance, providing for the direct appointment by the shareholders' assembly of the Entity with strategic supervision responsibility and the Entity with a control function, creating a link between a particularly stringent shareholder base and representatives of corporate bodies (where, for that matter, there are also present, according to Art. 19 of the Constitution, independent directors) adapts in a particularly effective manner to realities characterized by a significant degree of homogeneity in the social structure, in which it seems easier to obtain a communion among the views expressed during the meeting, inasmuch as they converge on the decision that is most favorable to the pursuit of the company's interest. The Board of Directors has appointed, with its role, a Managing Director, establishing the methods of operation and the frequency with which the delegated body reports on the activities performed in the exercise of powers delegated.

In accordance with the provisions of Article 123 bis, paragraph 2, letter b) of Legislative Decree 58/98, the following is the information on the main characteristics of the systems of risk management and internal control systems in relation to the process of accounting and financial reporting.

With regard to administrative and accounting activities related to the formation of the individual and consolidated financial statements, the Group has specific business processes, aimed at overseeing the proper preparation of financial statements, in accordance with the provisions in the civil and fiscal laws and regulations. The Services of Compliance and Internal Audit of the Parent company monitor the compliance with and the adequacy of such processes, as part of its business plan, described in the following chapter.

The strengthening of the control system has been built on a detailed action plan and constantly updated taking into account the experiences and best practices existing at the system level. It operates in four lines:

a) to oversee the rules and processes;
b) in continuous monitoring of compliance with the rules;
c) for growth of professionalism and a culture of control;
d) in the implementation of controls and verification of compliance.

The model used therefore allows to achieve a reasonable assurance of the reliability of accounting and financial set up.

For more details see the next chapter on Internal Controls.

Internal controls

The organizational structure of the "Internal Control System" of Gruppo Banca Sella, in compliance with the provisions of the Financial Regulator, has three levels.

- the first level controls (or line controls) are designed to ensure the proper conduct of operations and are performed within the same operating structures or incorporated in support procedures. In addition to the system of line controls the Group decided to strengthen the first-level garrisons by providing centralized control;
- the second level controls (controls on risk management) have the goal to contribute to the definition of methodologies for measuring risk, to verify compliance with the limits assigned to the various operating functions and overseeing compliance of a conformity to standards. They are assigned to structures other than production and specifically to the functions of Compliance, Risk Management, Internal Validation and Anti-Money Laundering;
- the third level controls, finally, are aimed at identifying anomalous trends, violations of procedures and regulations, as well is to evaluate the functionality of a comprehensive system of internal controls; They are specifically the responsibility of the Internal Audit sector.

The Corporate Functions of control of the second and third level are characterized by common principles inspired by the Code of Ethics and Values of Gruppo Banca Sella and the body of industry best practices.

The system of internal controls in the Banca Sella Group has strategic importance: the culture of control and the sound and prudent risk management has a prominent position in the scale of corporate values and does not regard only the Corporate Functions Control but the whole enterprise.

The basic principles that guide the Company's control functions are independence, separateness, objectivity, independence, integrity, confidentiality and competence.

These principles are enunciated in the Regulations of the Internal Control System of Banca Sella, in which the Board of Directors of the Parent Company has defined the guidelines for the Internal Control System ensuring continued compliance with the principles set out in the tit. V Chapter 7 Section I of the circular 263/06 and the respect on the part of the Corporate Functions control, of the requirements in Section III of this Circular. Specifically in that regulation, common to all the structures involved, there are defined the duties and responsibilities of the various organs and control functions, information flows between the various functions / organs and with the governing bodies and the arrangements for coordination and collaboration.

Always in accordance with the instructions issued by the Bank of Italy with the update of the aforementioned Circular. 263/2006, the primary responsibility for the implementation and operation of the control system and the sound and prudent risk management is left to the corporate bodies of Group Companies (the Entity with strategic supervision, the Entity with a management function, the Entity with a control function), each within their respective powers, however, in line with the strategies and policies of the Group established in the field of control.

Contributing to the functioning of the system of internal controls are also the supervisory bodies under Leg. Decr. 231/01 made in the various Companies and the Risk Committee of the Parent Company and mechanisms with specific expertise to issues relating to control, such as the Audit Committee, the Market Abuse Committee and the Operational Risk Committee (CORO):

- the Risk Committee acts as support to the Board of Directors of the parent company in the field of risks and system of internal controls and works with advisory, investigative and proactive abilities; it is composed of three independent directors appointed by the Board of Directors of the parent company, the responsibility of which remains until otherwise determined by the Board. The Council provides, among the three components, to designate the President.
- the Control Committee, set up in order to ensure a constant and effective monitoring of the main risks related to the operations of the Group; the Committee, through the analysis of the internal control systems and the examination of the main anomalous events that occur, sets itself the objective to improve continuously in the control system with solutions that strengthen effectiveness and ensure a robust and efficient supervision to mitigate the risks to which the Group is most exposed;
- the Market Abuse Committee, evaluates the currency transactions in financial instruments admitted to trading or for which there was submitted the application for admission to trading on a regulated market of the European Union, in order to identify what should be reported to CONSOB pursuant to the Community Directive on "market abuse".

The Operational Risk Committee (CORO), has been established with the task of examining, assessing and authorizing operations, organizational models, launch of new products, start new businesses and, in general, every possible initiative generating operational, reputational, strategic , legal and compliance risks of significant dimensions or which involve an increase in capital requirements

First-level checks

As part of the first level, or line, controls, the company continued to:

- automate manual controls;
- Insert new controls deriving from overall analysis of the processes and risks;
- strengthen the monitoring of the outcome of the control activities carried out in the peripheries.

Second level controls

The Risk Management of Banca Sella Holding reports directly to the CEO; it aims to identify, measure and control the risks of Pillar I and Pillar 3 of Basel, assessing the sustainability of the same in relation to the balance sheet and carrying an active role in support of the management part of the process of risk management.

Among the main activities carried out in 2014 by the Risk Management of Banca Sella Holding are highlighted:

- evolutionary maintenance of the organizational "Control Cycle" process, a process which regulates the treatment of abnormal events and the immediate removal of the same, as well as the effects and causes that generated them;

- the continuation of activities of rating assignment of operational risk to the business processes mapped in an "end to end" optic;
- the careful evaluation of the risks associated with new products and services and the off-standard operations;
- the evolutionary maintenance of processes and procedures to support the assessment of credit risk, including:
    - the creation of an internal model of LGD (loss given default) for the determination of the loss in case of default on the basis of historical data;
    - the methodological refinement of write-downs on performing loans;
    - the realization of risk cards for delivery practices / renewal of loans to the Board of Directors;
    - IT procedure for identifying legal and economic bonds existing among customers;
    - monitoring the management of a risk-adjusted profitability;
    - procedures to support the verification of eligibility of mitigation techniques of credit risk;
- the activation of second-level controls on credit risk, according to the 15th update of Circular of Banca d'Italia n.263 / 2006;
- collaboration in the definition of the risk appetite framework (RAF) and for targeting of risk and operating limits;
- the constant monitoring of risk actually assumed and its consistency with the objectives of risk as well is the operational limits;
- the updating of the management and risk control policies;
- formulating preventive advice on the consistency with the RAF of the most significant transactions (OMR);
- the assessment of capital adequacy, current and future, in relation to the risks assumed and assumable and corporate strategies, formalized in the drafting of the ICAAP, sent to the Bank of Italy;
- improvements in the management and control of second pillar risks identified by Basel 3 and subject to measurement / evaluation in the context of the ICAAP, including in particular citing the constant refinement of the indicators adopted for the monitoring of liquidity risk in an optic of alignment with the new standards proposed by Basel 3;
- the continued strengthening of the supervision of market risks;
- the refining of the daily monitoring of exposures of the Group on Peripheral Countries of the Euro zone and the country risk;
- the continuous strengthening of controls on market abuse;
- the preparation and publication on its website, under Investor Relations, of 'Public Disclosure (so-called "Third Pillar");
- the activity of gap analysis on the new regulations in the context of competence.

The Risk Management is also responsible for monitoring service levels of all operating units of the Group.

The "Dashboard service levels" is a shared instrument for representation of the same, which allows one to group the indicators according to the organization chart of the Gruppo Banca Sella. The dashboard also allows one to have a global view of the impact on service levels of critical errors that occurred in a specific area / company.

The process of monitoring service levels is closely linked to the processes of management and follow up of anomalies. In fact, as part of the Group of cycle control, for each anomaly surveyed within the platform "Fault signals", there is requested the analysis of the impact on service levels.

The dashboard of the year 2014 has been adjusted to changes in the organization that gradually came into force during that period. The Dashboard report of service levels with its commentary is prepared within the Board of the parent company is published monthly on the company intranet and is available for consultation to all users.

31 December 2014 the dashboard of the Group reports a total annual average service level of 99.907%.

Under current regulations the banks that adopt internal systems for measuring risk, identify within the function of risk control (Risk Management) the unit responsible for validation of such systems, independent of the unit responsible for the development of the same.

The function of Internal Validation was specifically established in 2014, following the launch of the initiative IRB (Internal Risk Based), and is located within the Risk Management of Banca Sella Holding.

As for the IT Risk, the proactive and effective oversight continued, aimed at preventing external attacks.

An anti-money laundering function is established at each Group company. The anti-money laundering function of the parent company, is responsible for coordinating the functions of the Anti-Money Laundering functions of the Group companies.

The activities of second-level control carried out in 2014 were:

- the examination of abnormal movements carried out by the customer, through the execution of systematic and random checks. The activity is supported by information technology extractions and the set of findings (so-called alarm bells);
- the production, control and transmission to UIF of monthly statistics (SARA reports) concerning the recordings in the Computer Archive;
- the monitoring of the processing of unexpected locations highlighted by the special procedure GIANOS within the terms of the internal regulations.

Also in 2014 the Banca Sella Group has made an independent assessment of its capital adequacy, current and future, in relation to the risks assumed and assumable and corporate strategies, formalized in the preparation of ICAAP, sent to the Bank of Italy.

The bodies of the Parent Company govern the entire ICAAP process and in accordance with the Supervisory Board, promote its upgrading, in order to ensure continued compliance with the operating characteristics and the operating environment in which the Group operates.

The ICAAP process, carried out at the consolidated level, is based on appropriate corporate risk management and requires adequate corporate governance mechanisms, an organizational structure with well-defined lines of responsibility and effective internal control systems.

Finally, the Banca Sella Group has drawn up and published on its website, in the Investor Relations section, the so-called "Third Pillar of Basel 2: Disclosure", in accordance with the provisions specified by the "New regulations for the prudential supervision of Banks".

The Compliance Function, set up to oversee coverage of the risk of compliance risk is appointed to ensure that internal procedures are consistent with the objective of preventing the violation of mandatory rules (laws and regulations) or self-regulation (eg. statutes, codes of conduct, codes of conducts).

The function governs a cross-sectional and multifunctional process affecting many aspects of business life. The tasks of compliance, including in large part that already carried out by other functions, involves, in fact, distributed responsibility within the company, it requires different skills and can lead to the need to deal with external parties, including the Supervisory Authorities.

The Compliance process is necessary in order to:

- guard against the risks of non-compliance resulting from the introduction of new regulations or changes in the existing relevant ones;
- turn the new regulatory environment into an opportunity and a benefit for customers and for the 'company;
- make an effective and efficient organizational and cultural adaptation.

The steps that comprise the process of compliance of the Banca Sella Group are:

1) awareness of legislation;

2) alerting activities:

3) gap analysis;

4) planning organizational changes and subsequent start of production of the same;

5) control adjustments (deadlines);

6) control of effectiveness and adequacy.

In detail, the application of the Compliance process includes, within its scope of responsibility, the responsibilities described below:

- identify the applicable rules in an ongoing fashion and measure / evaluate their impact, in terms of risk of non-compliance of processes and procedures;
- ensure that the processes, procedures, products and services comply with the rules of hetero and self-regulation;
- also through direct checks carried out in the scope of the plan of annual activities or unscheduled requests by the bodies of the Summit, verify that the legislation has been transposed from the areas involved in the procedures, processes and internal regulations as well as checking the effectiveness of the organizational solutions (structures, processes, procedures, including operational and commercial) suggested for the prevention of compliance risk;
- ensure its own advisory assessment services to senior management on compliance with legislation of innovation projects and on the prevention and management of conflicts of interest;
- advise and assist the relevant persons in charge of services for the purposes of fulfillment of the obligations imposed by regulations;
- check the consistency of the bonus system (in particular pay and staff incentives) with the objectives of compliance with regulations;
- assess the risk of non-compliance underlying the strategies adopted;
- agree with the Human Resources courses and seminars on the subject of compliance, both in general and on specific issues, in order to ensure the promotion and dissemination of a culture of legality and compliance and to prevent the compliance risk;
- present, at least annually, to the governing bodies the report on activities conducted subject to the provisions of the relevant legislation;
- prepare periodic reports on non-compliance detected.

In Banca Sella Holding there has been operating the BSH Compliance function, a permanent and independent and integral part of the internal control system, located in the General Management. Each Group company of Banca Sella has established the Compliance function and / or appointed a manager of compliance.

In addition to the responsibilities described above, the Compliance of the parent company is also responsible for overseeing the implementation of the compliance process in Gruppo Banca Sella and to propose guidelines at Group level in the management of compliance risk.

Third level controls

The Internal Audit of Banca Sella Holding, a third-level company control function, consists of three offices: General Auditing, Auditing Investment Services, ICT Auditing. These offices, under the guidance and coordination of the Chief Internal Auditor, working with the objective of evaluating the effectiveness and adequacy of the overall system of internal controls and to report potential risks identified in its verification activities, proposing corrective actions and verifying the effectiveness of principals consequently introduced to mitigate the same.

The Internal Audit is hierarchically dependent on the Board of Directors of the parent company and, when the latter is not in session, headed by the Risk Committee.

The Service Manager is responsible also for coordinating the control functions of the III level in the other Group companies, with the aim to implement homogeneous layouts of the control activities of the III level and a sharing of the results, in compliance with the autonomy of the individual functions. This activity is expressed not only through the shared examination of the statements of accounts and the annual audit plans, by carrying out regular meetings with the heads of the audit of the other Group companies, thus ensuring an exchange of information on the results of the checks and anomalies emerged, as well as implementing a share and an update on the working methods.

In 2014 it worked to:

- ensure adequate planning and implementation of activities, consistent with the various external requirements (standards / regulations, or requests of the Supervisory Authorities) and internal requirements, in a risk-based perspective;
- ensure the monitoring of the implementation of corrective actions by the entities inspected (follow-up);
- ensuring the effectiveness of information flows and reporting to the Board of Directors, the Board of Auditors, the Audit Committee / Risk of top management as well as is the control functions of the second level;
- strengthen the quality standard of the staff and enrich and expand the scope of professional expertise available from its services in order to better meet the different needs of assistance;
- carry out actions to coordinate control functions of the III level in the other entities of the group through the joint examination of year-end statements of accounts and the Group-integrated planning of the activities of verification procedures laid down for the year. The activities of coordination, furthermore, include the usual regular meetings with the heads of the control of the III level of the other companies of the group representing a major opportunity for exchange of information on the results of the checks and anomalies that have emerged, and for sharing and convergence on methods of work and updating.

More specifically, tests performed by the internal auditors during the year had the following objectives:

- monitor compliance with the internal, supervisory and legal regulations (both in terms of form and substance), as well as the content regarding equity, economics and risks related to operations;
- carry out analysis of the process, in order to assess risk areas, in relation to efficiency and effectiveness of controls, the functionality and the adequacy of organizational processes, their efficiency and suitability to the type of operational nature of the structure / company; in this regard the revision of the so-called "corporate macro-processes" is the task of the Internal Audit of the Parent company with the goal of being able to express considerations regarding lines of business in their entirety;
- check that the line controls and risk controls run optimally and regularly;
- highlight the existence of risk "residues", indicating their "index of gravity", formulating requests and suggestions for corrective solving or mitigating the criticality detected.

As an exclusively statistical-quantitative analysis, based on a workforce of 22.3 full time equivalents at 12.31.2014 devoted to audits of processes, during 2014, the Internal Audit has carried out the following interventions:

Internal audit activities			
Checks regarding :	**2014**	**2013**	**2012**
- Areas / services / processes of Banca Sella Holding	25	21	23
- Areas / Services / Processes of Banca Sella	36	36	30
- Other Group companies and / or their services / Processes	8	11	22
Total	**69**	**68**	**75**

Supervisory Committee and Legislative Control Decree 231/01

The Assembly, on 29 April 2014, at the proposal of Banca Sella Holding SpA, unanimously resolved to grant as from 1 July 2014 to the Supervisory Board the functions of the Supervisory Board pursuant to art. 6, paragraph 4-bis of the Legislative Decree. N. 231/2001. The entity with a control function (Statutory Auditors), as set out in Title V - Chapter 7 of the circular. 263/2006 of the Bank of Italy (New Minimum Capital Requirements for Banks) normally carries out the functions of the Supervisory Board - established pursuant to Legislative Decree. N. 231/2001, regarding the administrative liability of companies - overseeing the functioning and observance of the models of organization and management with which the bank equipped itself to prevent the crimes relevant to the legislative decree.

Income data

Condensed income statement (in millions of euro)

Items	12/31/2014	12/31/2013	% change since 12/31/2013
10. Interest and similar income (1)	410.7	445.0	-7.7%
20. Interest payable and similar charges (1)	(122.3)	(154.9)	-21.0%
70. Dividends and similar income	2.0	1.2	63.5%
NET INTEREST AND DIVIDENDS	**290.3**	**291.2**	**-0.3%**
40. Commission income (1)	318.7	315.7	1.0%
50. Fee and commission expense (1)	(105.3)	(98.4)	7.0%
80. Net trading (1)	26.9	23.6	14.0%
90. Net income from hedging	0.7	0.6	27.3%
100. Gains (losses) from sale or repurchase of:	20.3	5.4	276.7%
a) loans	(2.1)	(2.7)	-23.4%
b) financial assets available for sale	24.3	9.6	153.5%
d) financial liabilities	(2.0)	(1.5)	28.8%
REVENUE FROM SERVICES	**261.3**	**246.8**	**5.9%**
150. Net premiums	327.0	184.1	77.6%
Other costs / revenues attributable to the insurance business	20.4	20.3	0.5%
110. Net financial assets and liabilities measured at fair value	1.4	4.6	-68.8%
160. Other income / expenses from insurance operations	(336.6)	(200.9)	67.5%
NET INCOME FROM INSURANCE ACTIVITIES	**12.3**	**8.1**	51.6%
OPERATING INCOME	**563.9**	**546.1**	**3.3%**
180. Administrative expenses:			
a) staff costs	(225.3)	(219.8)	2.5%
Irap on personnel costs and controlled net (2)	(7.8)	(7.9)	-1.4%
Total personnel expenses and Irap	**(233.1)**	**(227.7)**	**2.4%**
b) other administrative expenses	(174.7)	(163.8)	6.6%
Recovery of stamp duty and other taxes (3)	46.6	41.8	11.4%
Total administrative expenses and tax recovery	**(128.1)**	**(122.0)**	**5.0%**
200. Impairment / write-backs on tangible assets	(15.7)	(15.9)	-0.8%
210. Impairment / write-backs on intangible assets	(13.4)	(13.8)	-2.3%
220. Other expenses / income (less the "Recovery of stamp duty and other taxes")	28.4	21.8	30.3%
Operating costs	**(361.9)**	**(357.5)**	**1.2%**
OPERATING PROFIT	**201.9**	**188.6**	**7.1%**
190. Net provisions for risks and charges	(9.4)	(4.2)	124.5%
130. Net losses / recoveries on impairment of:			
a) loans	(180.7)	(138.2)	30.7%
b) financial assets available for sale	(4.3)	(0.3)	1528.9%
c) financial assets held to maturity	-	-	0.0%
d) other financial transactions	(1.1)	(2.4)	-55.3%
240. Gains (losses) on investments	1.2	0.4	224.1%
Income from extraordinary effects	-	19.0	
100. Gains (losses) from sale or repurchase of:			
c) financial assets held to maturity	98.4	-	0.0%
260. Goodwill impairment	(1.1)	-	0.0%
270. Gains (losses) on disposal of investments	-	(0.1)	-80.2%
OPERATING INCOME FROM ORDINARY ACTIVITIES BEFORE TAXES	**105.1**	**62.9**	**67.0%**
290. Taxes on income from continuing operations			
(Inferred "IRAP on personnel costs and controlled net")	(35.2)	(25.9)	36.0%
CURRENT OPERATING INCOME AFTER TAX	**69.9**	**37.1**	**88.6%**
310. Profit (loss) on assets held for sale, net of tax	-	1,3	-100.0%
PROFIT (LOSS) FOR THE YEAR	**69.9**	**38.3**	**82.3%**
330. Profit (loss) attributable to minority interests	**(0.6)**	**3.4**	**-117.6%**
340. Profit (loss) attributable to Parent Company	**70.5**	**34.9**	**102.0%**

1) As for the components of the insurance sector we have provided to separate them from the Income Statement and to group them in a specific item called "Other revenues of the activity pertaining to the insurance activities";
2) Separated from the item "Income taxes for the year on current operativity";
3) Separated from "Other expenses and income".

The criteria for reclassification of the income statement

In order to provide a more immediate representation of the income results, there has been prepared an income statement in a manner that better represents the content of the items according to standard operating principles.

The reclassifications were as follows:

- item 70. "Dividends and other similar income" that is part of the count of net interest;
- IRAP on staff costs which is recorded separately from the item "Income taxes for the year; of current operativity" and as falling in personnel expenses;
- the "recovery of stamp duty and other taxes" which is recorded separately from the item "Other operating expenses and income" and deducted from other administrative expenses;
- item 100 "Profit / loss on disposal or repurchase of: c) a financial activities held to maturity" which is recorded separately from the net income from services and inserted after operating profit;
- "income arising from sale of business branches" which is recorded separately from the item "Other operating expenses / income".

Profitability

The Banca Sella Group closed the year 2014 with a profit of 69.9 million euro, of which 70.5 attributable to the parent company. By comparison with last year, when the profit attributable to the parent company, which amounted to 34.9 million euro, this figure has shown a significant increase.

The main elements that influenced the course of the year 2014 (detectable by the analysis of the Income Statement) were:

- the slight decrease (-0.3%) in net interest: despite the decrease in volumes and lending rates of loans and the decrease in interest income from securities held to maturity, which were sold in the second half of 2014, the total net interest income remained essentially unchanged in the presence of a further decrease in funding costs;
- the positive increase in net revenues from services (+ 5.9%): the result of net commission income, down from the previous year, was offset by a the item of trading activities, which thanks to market performance, showed more than positive results and the recovery of part of the capital gains accrued in the securities portfolio available for sale;
- the sale of a significant portion of the portfolio of investment activities held to maturity, which resulted in profits of approximately 98.4 million euro before taxes;
- the increase in the component of operating costs (+1.2%), which saw a slight increase both in personnel expenses and in administrative expenses;
- a worsening (+ 30.7%) of value adjustments for impairment of loans: the increase is mainly attributable to the company Consel that has adjusted the parameters of evaluation of consumer loans and to adjustment of parameters for the determination of provisions for bad debts and non-performing loans to align the coefficients of the coverage values more consistently consistent with market levels; such activities of the adjustment of parameters of evaluation have also affected all the companies of the Group that provide credit even following the application of the new Implementing Technical Standards, under EU regulation number 575/2013 (CRR), which have introduced the new definitions of receivables under the concession (forborne credits);
- we also points out that the year 2013 was affected positively by the sale of the distribution of the Trentino Alto Adige and Veneto in the Cassa di Risparmio di Bolzano / Sudtiroler Sparkasse, which had resulted in income from the sale of approximately 19 million euro.

Below is a brief description of developments in the main Group companies (whose comments refer to the results obtained by applying the accounting policies used in the preparation of individual financial statements), while for a more thorough analysis of the results achieved by the individual companies, see the specific section of this Report entitled "Group Companies".

The parent company Banca Sella Holding recorded a profit of 16.2 million euro. Thanks largely to the sale of a significant portion of the portfolio of investments held to maturity; this effect has offset the lower net interest income (due to lower interest income on securities following the reduction in market interest rates, the aforementioned sale of securities held to maturity and the decline in the volume of cash loans), the decrease in revenues by services and the slight increase in operating costs.

The operating result achieved by Banca Sella, the commercial bank Group operating mainly in the retail activity, totaled 64.2 million euro; the result has also benefited from the sale of a significant portion of the portfolio securities held to maturity. We also point out the maintenance of the interest margin, due to the reduction in funding costs, despite the aforementioned sale of the securities, the reduction in lending volumes and the decline in market rates. Net commission income remained stable while operating income benefited both from good results from trading activities and hedging, a significant improvement compared to 2013, and from the profit realized on the sale of part of the portfolio of securities available for sale. Operating costs were substantially in line with the previous year while net impairment losses on loans marked a slight decline despite the credit rating parameters having been adjusted even after the application of the new Implementing Technical Standards, of which the EU regulation number 575/2013 (CRR), with an impact both on analytic writedowns and on collective writedowns.

Heritage Bank Sella & C., a bank operating in the private banking sector, has achieved a profit of 13 million euro, an improvement also compared to 5.1 million euro in 2013. In addition to the important contribution given by extraordinary impact of the sale of a significant proportion of securities held to maturity, as occurred in Banca Sella Holding and Banca Sella, it has continued to invest in growth in volumes and consequently margins associated with the business and achieved excellent performance on client assets.

Biella Leasing, a company operating in the leasing sector, has made a profit of 2.3 million euro, lower than the figure of 2013 of 3.3 million euro. In terms of volumes, the company registered a good growth over the previous year both in terms of number of cases and of the amount. Net interest income has however registered a decline: the interest expenses, despite the reduction in interest rates and the reduction of spreads applied during the year for new intercompany loans, have increased due to higher collection and renewal of numerous medium / long term fundings that expired during the year; the growth in interest income due to increased volumes was however contained by lower interest rates, the reduction of spreads applied to contracts (especially in the last months of 2014) and the termination of numerous contracts. In the presence of the other substantially stable costs, an important determinant was that the impact of credit risk, whose level has remained high and because of ongoing credit quality that is not optimal, and by the revision of certain yardsticks for withdrawn real estate and instrumental goods and the adjustment of the parameters to the receivables even after application of the new Implementing Technical Standards, under EU regulation number 575/2013 (CRR).

Consel, a company specializing in consumer credit, recorded a loss of 27.7 million euro, compared with a profit of 1.5 million euro in 2013. This loss was due to the strong negative contribution of the impact of credit risk due to the adjustment of the parameters of assessment of claims and adjustment of parameters for the determination of provisions for bad debts and non-performing loans to align the coverage ratios to values more in line with market levels, partly as a result of the application of the new Implementing Technical Standards, under EU regulation number 575/2013 (CRR), which introduced the new definitions of forborne credits. From a commercial standpoint, the Company recorded a reduction of the volume of total funding within which the product Auto and Loans attempted to compensate for the reduction in terms of personal loans.

The profit of Sella Gestioni, a company active in the areas of asset management, individual management and complementary pensions, amounted to 1.1 million euro compared with a profit of 1.5 million euro recorded in 2013. In particular, in 2014 there were realized outperformance fees of 0.4 million euro against 1.1 million in 2013. Also in 2013 the company benefited from the dividend received by CBA Vita SpA amounting to 0.7 million euro.

In the insurance sector, CBA Vita, a company specialized in the field of life insurance policies, closed 2014 with a net profit of 3.6 million euro, compared to 3.3 million registered at the end of 2013. 2014 was characterized by excellent performance in terms of deposit volumes, the good performance of net investment income and a very positive contribution made by the subsidiary InChiaro.

The table below shows the return on equity (ROE) of the main Group companies, excluding investment holding, real estate companies and companies in liquidation; the sums used in the calculation are those determined by applying the accounting principles used in preparing the individual financial statements.

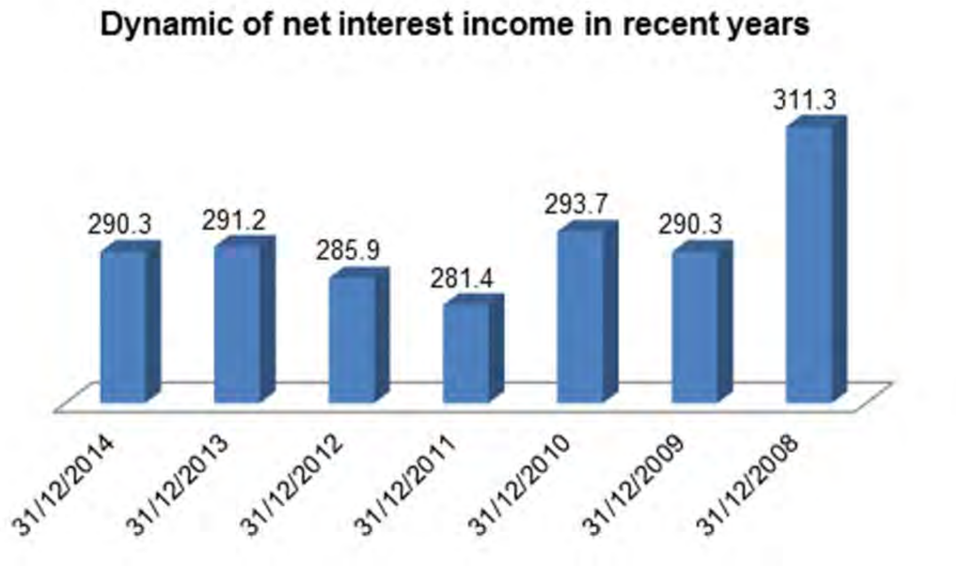
R.O.E. (1)

Company	12/31/2014	12/31/2013
Banca Sella Holding S.p.A.	3.1%	3.1%
Banca Patrimoni Sella & C. S.p.A.	24.1%	10.0%
Banca Sella S.p.A.	11.7%	3.8%
Biella Leasing S.p.A.	3.4%	5.1%
Brosel S.p.A.	6.0%	8.0%
C,B,A, Vita S.p.A.	9.0%	4.5%
Consel S.p.A.	-27.4%	1.6%
Easy Nolo S.p.A.	34.9%	42.8%
Family Advisory SIM S.p.A. Sella & Partners	2.3%	1.0%
Miret S.A.	-25.1%	-18.0%
Selfid S.p.A.	12.0%	-17.8%
Selir S. r.l.	19.8%	28.5%
Sella Gestioni SGR S.p.A.	5.1%	7.0%
Sella Life Ltd.	5.2%	5.7%
Sella Synergy India P.Ltd.	1.6%	4.8%

(1) Ratio between "Net income" and "Equity net of valuation reserves": the impact of any capital increases made during the year was considered in proportion to the months of actual pre-existence.

Net interest and dividends

Net interest income stood at 31 December 2014 at 290.3 million euro: the comparison on an annual basis shows a substantial stability (-0.3%) compared to the previous year.



The breakdown of the items that contribute to the formation of net interest income shown in the table below shows how the business with customers has produced net interest income of 275.1 million euro, a decrease compared to 2013. In particular, in 2014 there was recorded lower interest income due to both the decrease in volumes of loans and the fall of the average lending rate, all almost completely offset by lower interest expense both on business and on financial assets, following the continuing trend in the reduction in funding costs.

Interest on financial assets have had a decrease of 13.6% to 62.7 million euro, a decrease of 9.9 million euro compared to 2013, following the sale of securities held to maturity, which had a high yield.

Interest expense on securities amounted to 21 million euro, down 22% compared to 2013 due to lower variable rates tied to the Euribor.

The item Dividends and other income, amounting to 2 million euro, showed an increase of 0.8 million euro against 31 December 2013.

Net interest income from insurance business posted a lower result of 2.1 million euro, a decrease of 11.5% compared to last year and is represented in the "net income from insurance business".

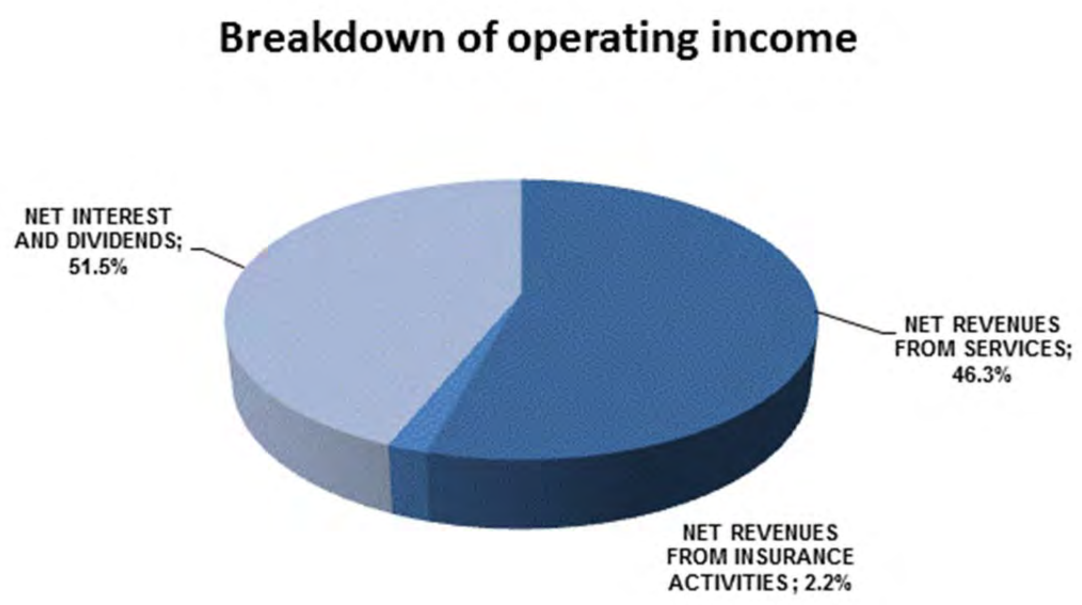
At year-end 2014, the interest margin is 51.5% of gross income, while last year this ratio stood at 53.3%.

Net interest and dividend income (in millions of euro)

Items	12/31/2014	12/31/2013	Change	
			Absolute	%
Net interest with customers	275.1	276.5	(1.4)	-0.5%
- Interest income	338.8	359.0	(20.3)	-5.7%
- Interest expense	(63.7)	(82.6)	18.9	-22.9%
Interest income on financial assets	62.7	72.6	(9.8)	-13.6%
Interest expense on securities	(21.0)	(26.9)	5.9	-22.0%
Net interest interbank	(4.8)	(4.5)	(0.3)	7.1%
- Interest income	1.0	2.6	(1.6)	-62.0%
- Interest expense	(5.8)	(7.1)	1.3	-18.5%
Hedging differentials	(23.9)	(27.7)	3.9	-13.9%
Other net interest income	0.2	0.1	0.1	174.2%
Total net interest income	**288.3**	**290.0**	**(1.6)**	**-0.6%**
Dividends and other income	2.0	1.2	0.8	63.6%
Net interest and dividend income of the banking group	**290.3**	**291.2**	**(0.9)**	**-0.3%**
Net interest income from insurance business	16.5	18.6	(2.1)	-11.5%
Total Net interest income	**306.1**	**309.8**	**(3.1)**	**-1.0%**

Net banking income

The consolidated operating income amounted, in 2014, to 563.9 million euro, an improvement of 3.3% compared to the result achieved in the previous year.



Net income from services

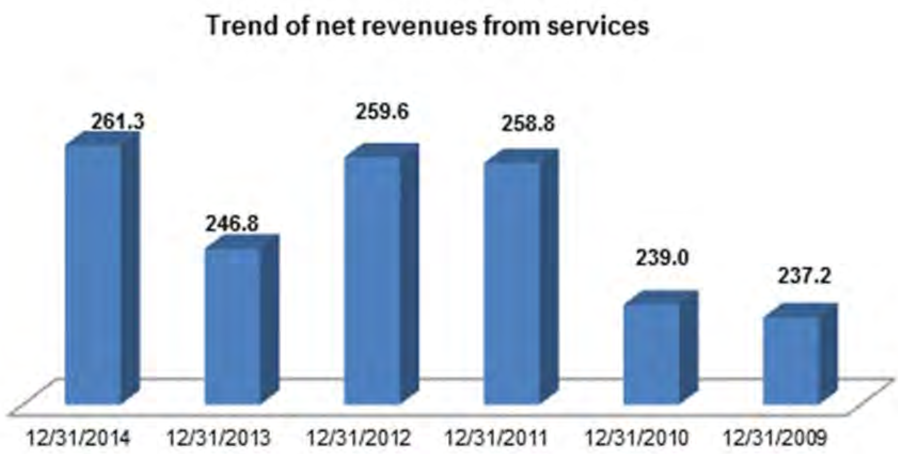
The overall aggregate of net revenues from services amounting to 261.3 million euro was an improvement over the previous year when it stood at 246.8 million euro (+ 5.9%). This result is due:

- to the good supply provided by the component concerning the activities of trading and hedging thanks to the excellent result recorded by the Finance area, that stands at 26.9 million euro, an increase of 3.3 million euro compared to 2013;
- to the substantial stability of the commissions, which, as can be seen from the following table, have recorded a net profit of 213.4 million euro, 1.8% less than the 217.3 million euro in 2013 as the component in revenues from the indirect funding and the component connected to payment systems;
- to the recovery of part of the gains in the securities portfolio of property available for sale.

In the business sector the indirect deposits performed better compared to 2013, in particular, the management funds and mutual funds, of life insurance, and ancillary services of investment and online trading, driven by a general context of volume growth and transformation in asset management products. This growth offset the contraction in trading, particularly in fixed income, whose performance was affected by a scenario of low interest rates and yields close to zero.

The good profitability of the segment was achieved thanks to the excellent growth at the Group level, of the stock of indirect deposits determined both by the entry of new flows of deposits from customers and by the positive impact of the growth of prices for securities linked to a positive trend in the year of the stock market values. The average profitability of indirect funding remains at essentially the same levels as 2013, confirming the Bank's ability to provide good products and services to customers.

In terms of business payment systems, generally stable, there was a growth in the acquiring sector (pos) and a contraction in the card sector, e-commerce and traditional payment systems. The unfavorable conditions on the side of consumption, led to a decline in volumes transacted and margins on both the cards and the e-commerce sector, while volumes increased as acquiring side (pos). In terms of profitability, the fund is always subject to a high degree of competition and new regulations that lead to lower margins.



The following table summarizes the components of commission income and expenses:

Net commission income (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change Absolute	Change %
Banking and commercial activities	**55.3**	**25.5%**	**55.9**	**25.5%**	**(0.6)**	**-1.0%**
- Guarantees	0.3	0.1%	1.9	0.9%	**(1.6)**	-84.2%
- Collection and Payment	55.0	25.4%	54.0	24.7%	**1.0**	1.9%
Management, brokerage and advisory services	**83.9**	**38.6%**	**83.8**	**38.3%**	**-**	**0.1%**
- Indirect customers (Asset management, custody and securities administration, consulting, brokerage and securities placement)	68.7	31.7%	68.6	31.3%	0.2	0.2%
- Brokerage currencies	1.6	0.7%	1.3	0.6%	0.3	20.6%
- Other fees on services management, brokerage and advisory services	13.6	6.3%	14.0	6.4%	(0.4)	-2.8%
Other net commissions	**74.2**	**34.2%**	**77.5**	**35.4%**	**(3.3)**	**-4.3%**
Total net fees of Banking group	**213.4**	**98.3%**	**217.2**	**99.2%**	- **(3.9)**	**-1.8%**
Net commission income of insurance business	**3.7**	**1.7%**	**1.7**	**0.8%**	**2.0**	**115.1%**
TOTAL NET COMMISSIONS	**217.1**	**100.0%**	**219.0**	**100.0%**	**(1.9)**	**-0.9%**

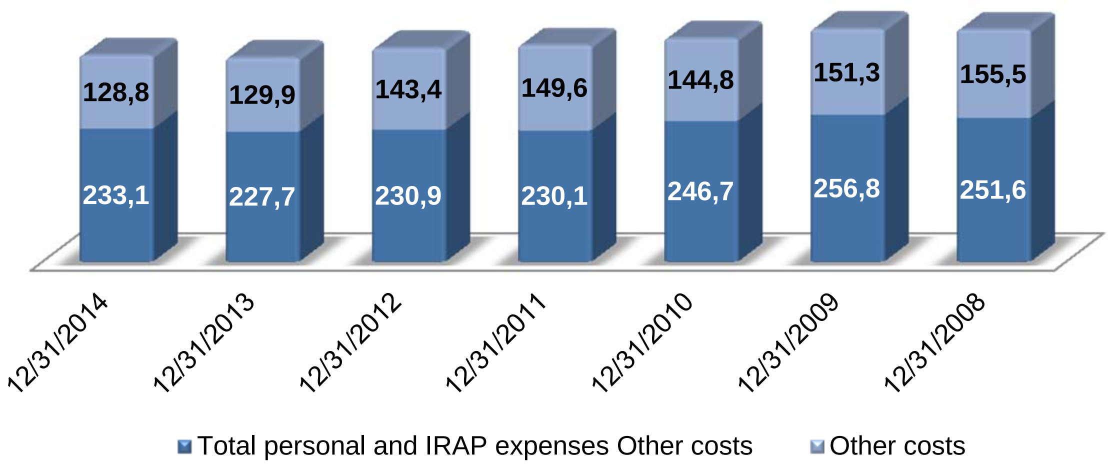
Net income from insurance business

The overall aggregate was brought to 12.3 million euro, up 51.6% compared to 8.1 million euro the previous year thanks in particular to net premiums which recorded a growth of 77.6% .

Operating costs

The total operating costs amounted to 361.9 million euro, representing a slight increase over the previous year by 1.2%.

Dynamic of operating costs in recent years



Personnel expenses (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change absolute	Change %
Employees	218.3	93.7%	211.5	92.9%	6.8	3.2%
Administrators	4.3	1.9%	5.0	2.2%	(0.7)	-14.3%
Mayors	0.7	0.3%	0.7	0.3%	-	-1.7%
Other	2.0	0.9%	2.6	1.2%	(0.6)	-23.9%
TOTAL PERSONNEL COSTS	**225.3**	**96.7%**	**219.8**	**96.5%**	**5.5**	**2.5%**
IRAP on personnel costs and controlled net	7.8	3.3%	7.9	3.5%	(0.1)	-1.4%
PERSONNEL COSTS INCLUDING RELATED IRAP	**233.1**	**100.0%**	**227.7**	**100.0%**	**5.4**	**2.4%**

The component of personnel costs (including IRAP for the same), reaching 233.1 million euro, representing an increase of 2.4% compared to 2013 mainly due to the increase in staff of the Group, both in Italy and in foreign companies.

Other administrative expenses, net of recovery of indirect taxes, were higher by 5% compared to 2013, reaching 128.1 million euro. In particular, there increased costs related to fees for consulting, training and the legal fees / litigation related to the still high impact from credit risk.

Other operating costs are represented by the write-downs on tangible and intangible assets, which proved to be in decrease by 1.5% compared to last year (29.2 million euro in 2014 compared with 29.6 million euro in 2013) in the presence of a natural maturity of the already existing investments that was higher than the impact of the new investments made in 2014, an increase compared to those of 2013 partly as a result of the numerous regulatory requirements.

The other operating income, less the recovery of indirect taxes, amounted to 28.4 million euro, an improvement of 30.3% over last year; the marked improvement in the item is mainly due to commissions accessory to credit.

Provisions, value adjustments net of recoveries, gains on disposal / repurchase of financial assets / liabilities

Net provisions for risks and charges

The new provisions for risks and charges amounted to 9.4 million euro compared to 4.2 million euro in the previous year due to higher accruals for operational risks, in front of new lawsuits and compared to provisions for early retirement of staff.

Net value adjustments for impairment

Net impairment losses on loans at year end totaled 180.7 million euro, compared to 138.2 million Euro in 2013, an increase of 30.7%. Simultaneously with an economic scenario that is still negative, which shows a structural crisis and that has produced its effects on the quality of the loan portfolio, it was necessary to adjust the parameters of measurement of loans even after the application of the new Implementing Technical Standards, of the EU regulation number 575/2013 (CRR), which had an impact both on the analytical writedowns, and on the collective write-downs.

These adjustments were particularly relevant in company Consel, in which the review of the parameters of the LGD (Loss Given Default parameter) had particular weight.

In consequence of the above, the ratio of net impairment losses for the year and cash loans went from 1.7% in 2013 to 2.2%.

There have been major adjustments also on financial assets available for sale, increased from 0.3 million euro to 4.3 million euro, mainly due to write-downs of non-controlling interests held by Banca Sella Holding in Veneto Banca and Cassa di Risparmio di Bolzano.

Gains / losses on disposal of financial assets held to maturity

The Group's decision to sell a significant portion of the portfolio of securities owned by the category Financial assets held to maturity has allowed the realization of proceeds from the sale for about 98.4 million euro.

Impairment of goodwill

The item in 2014 received the effects of the devaluation of the goodwill of the branches of Bovolone and San Martino Buon Albergo, which remained after the sale of branches to Cassa di Risparmio di Bolzano, and that originally were part of the group of branches acquired from Unicredito group, in 2000, by the company Banca Sella.

For more information on impairment tests on goodwill, please refer to the Notes to the Accounts - Part B- balance sheet assets.

Income tax

Income taxes (net of IRAP on costs for staff, which tends to increase this component) are placed at 35.2 million euro compared to 25.9 million last year, an increase of 36% in compared with a 67% increase in gross profit from continuing operations.

The tax rate, net of the IRAP component on personnel expenses, therefore increased from 41.10% last year to 33.5% in 2014.

The lower tax rate is due primarily to the fact that income taxes in 2014 were not affected by the additional extraordinary Ires required by DL 133 of 11/30/2013 which in 2013 had resulted in a higher cost of about 5.4 million euro, corresponding to a negative impact on the tax rate in 2013 of about 8.5 percentage points.

Gain (loss) on assets held for sale, net of tax

In 2013 there was an effective profit from sales of 1.3 million euro of the company Sella Bank AG. The sale was completed on 28 February 2013.

Consolidated comprehensive income

	Items *(in thousands of euro)*	12/31/2014	12/31/2013
10.	**Profit (loss) for the period**	**69,868**	**38,338**
	Other comprehensive income after taxes without transfer to income statement		
20.	Tangible assets	122	(99)
40.	Defined benefit plans	(5,151)	674
	Other comprehensive income after tax with reversal to income statement		
80.	Exchange rate differences	79	(1,435)
100.	Financial assets available for sale	12,240	8,424
120.	Share of valuation reserves of equity investments accounted for at equity	702	(26)
130.	**Total other comprehensive income after taxes**	**7,992**	**7,538**
140.	**Comprehensive income (item 10 + 130)**	**77,860**	**45,876**
150.	Consolidated comprehensive income attributable to minority interests	295	4,284
160.	**Consolidated comprehensive income attributable to Parent Company**	**77,565**	**41,592**

Balance sheet

Balance Sheet (in millions of euro)

Assets	12/31/2014	12/31/2013	% change since 12/31/2013
Financial assets (1)	3,855.1	3,694.1	4.4%
Loans to banks	1,209.9	338.4	257.6%
Cash loans (excluding repurchase agreements) (2)	7,996.7	8,208.4	-2.6%
Repurchase agreements	64.7	107.1	-39.6%
Investments	15.6	13.4	16.8%
Reserves attributable to reinsurers	3.6	3.6	0.0%
Tangible and intangible assets (3)	288.6	274.7	5.1%
Tax assets	309.9	281.1	10.2%
Other assets (4)	513.7	439.7	16.8%
TOTAL ASSETS	**14,257.8**	**13,360.5**	**6.7%**
Passivo e patrimonio netto	**12/31/2014**	**12/31/2013**	**% change since 12/31/2013**
Due to banks	1,178.3	1,226.5	-3.9%
Direct deposits (5)	10,133.9	9,359.7	8.3%
Financial liabilities	692.3	768.5	-9.9%
Tax liabilities (6)	123.4	94.3	30.8%
Other liabilities (7)	458.2	416.5	10.0%
Provisions for specific (8)	89.9	78.4	14.8%
Technical reserves	714.7	621.5	15.0%
Equity (9)	867.2	795.0	9.1%
- attributable to the Group	774.0	700.5	10.5%
- minority interests	93.2	94.6	-1.4%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,257.8**	**13,360.5**	**6.7%**

1) The sum of the following items of the balance sheet assets: 20 "Financial assets held for trading", 30 "Financial assets at fair value", 40 "Investments available for sale" and 50 "Assets held to maturity".
2) Item 70 "Loans to customers" in the balance sheet assets net of the component of repurchase agreements.
3) The sum of the following items of the balance sheet assets: 120 "Tangible assets" and 130 "Intangible assets".
4) The sum of the following items of the balance sheet assets: 10 "Cash and liquid availability", 80 "Hedging derivatives", 90 "Fair value change of financial assets subject to generic hedging" and 160 "Other assets".
5) The sum of the following balance sheet items: 20 "Due to customers" and 30 "Securities issued".
6) The sum of the following items of the balance sheet liabilities: 40 "Liabilities held for trading" and 50 "Liabilities at fair value".
7) The sum of the following items of the balance sheet liabilities: 60 "Hedging derivatives" and 100 "Other liabilities".
8) The sum of the following items of the balance sheet liabilities: 110 "Employee termination indemnities" and 120 "Provisions for risks and charges".
9) The sum of the following items of the balance sheet liabilities: 140 "reserves"; 170 "Reserves", 180 "Share Premium", 190 "Capital" and 210 "Minority interests" and 220 "Profit for the year."

The comments below refer to the Reclassified Balance Sheet previously reported.

In 2014 the total assets recorded an increase of 6.7% to 14,257.8 million euro, compared to 13,360.5 million recorded at the end of 2013.

The banking business, net of repurchase agreements, recorded a decline in cash loans that decreased by 2.6% (7,996.7 million euro, compared to 8,208.4 million in the previous year).

Direct deposits amounted to 10,133.9 million euro compared to 9,359.7 million euro in the previous year with an increase of 8.3%.

Gruppo Banca Sella for the ratio between cash loans and direct deposits (net of the repurchase agreements amounting to 40.9 million euro) rose from 88.2% in 2013 to 79.2% in 2014, improving the already excellent level of liquidity that has always been, for the Group, an important indicator of financial stability.

Finally, the net assets, including the revaluation reserves, amounted to 867.2 million (93.2 of which attributable to minority interests) recorded a strengthening of 9.1% from the end of last year, when it stood at 795 million euro.

The banking business - collection

At year end, total deposits - consisting of total amounts administered on behalf of customers - amounted to 25,796.9 million euro, an increase of 8.1% over the previous year. This records a turnaround with respect to recent years with a propensity of customers to the asset management component rather than to the administered component, this result was achieved thanks to the excellent work of branches and private bankers, as well as a climate of greater confidence of investors. Stock markets, in 2014, have in fact recorded excellent dynamics on the rise reaching new highs and markets have benefited from the improvement of the economic situation in advanced economies and from the accommodative climate that continued to affect the conduct of monetary policy by the major Central Banks worldwide.

Total deposits (in thousands of euro)

Items	31-Dec-14	% weight of total	31-Dec-13	% weight of total	Change	
					absolute	%
Direct deposits (excluding repos)	10,093.0	39.1%	9,305.6	38.7%	787.4	8.5%
Repurchase agreements	40.9	0.2%	54.1	0.2%	(13.2)	-24.4%
Indirect funding	15,663.0	60.7%	14,494.5	61.0%	1,168.5	8.1%
Total deposits	**25,796.9**	**100.0%**	**23,854.2**	**100.0%**	**1,942.7**	**8.1%**

Direct funding

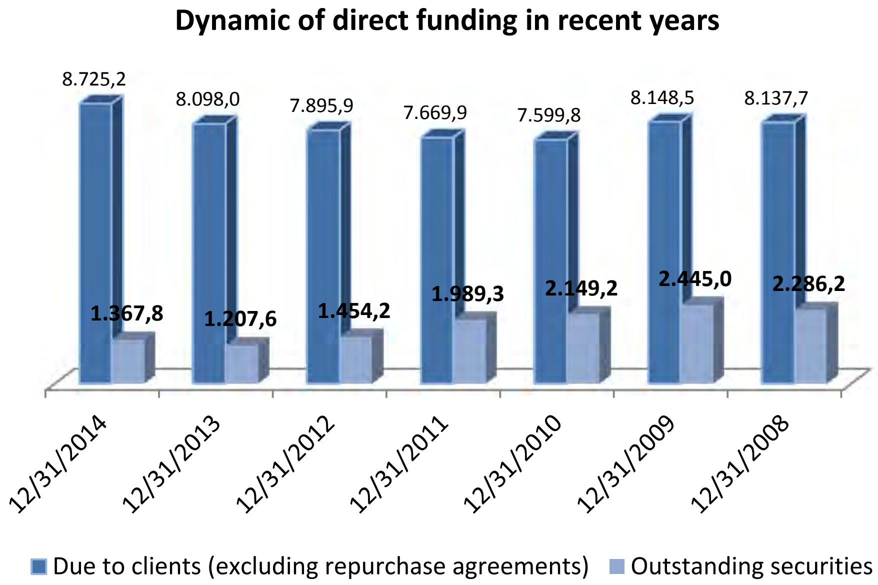
The consistency of customer deposits, excluding repurchase agreements, amounted at year-end 2014 to 10,093 million euro, with an increase of 8.5% over the previous year.

The analysis of the components of direct deposits, showed a growth of liabilities to customers including repurchase agreements which amounted to 8,766,1 million euro, an increase of 614 million euro (+ 7.5%) compared to 2013, when they amounted to 8,152,1 million euro. The most significant change is that of the aggregate current account and demand deposits with +789.7 million euro.

As for the other components of direct deposits, the securities issued, amounting to 1,367.8 million euro, were up 13.3% compared to 1,207.6 million euro in 2013 as a result of the securities issued in 2014 by the purpose vehicle Mars 2600 and Monviso after the securitizations performed despite the traditional placements with customers having been lower than the expiring emissions to institutional investors.

The repurchase agreements, amounting to 40.9 million euro, registered a decrease of 13.2 million euro compared to the previous year.

The chart below presents the dynamics of the aggregate in the last few years, divided between customer deposits and outstanding securities.



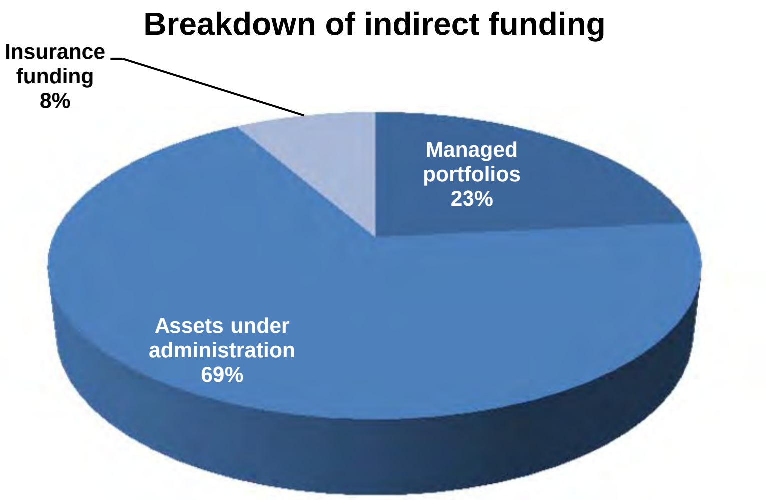
Direct deposits (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change absolute	Change %
Customer deposits (excluding repos)	8,725.2	86.1%	8,098.0	86.5%	627.2	7.8%
- Current accounts and demand deposits	7,720.8	76.2%	6,931.1	74.1%	789.7	11.4%
- Time deposits	815.2	8.0%	1,026.0	11.0%	(210.8)	-20.5%
- Other financing	55.6	0.6%	16.9	0.2%	38.7	229.5%
- Other items	133.6	1.3%	124.0	1.3%	9.6	7.7%
Outstanding securities	1,367.8	13.5%	1,207.6	12.9%	160.2	13.3%
TOTAL DEPOSITS	**10,093.0**	**99.6%**	**9,305.6**	**99.4%**	**787.4**	**8.5%**
Repurchase agreements	40.9	0.4%	54.1	0.6%	(13.2)	-24.4%
TOTAL DEPOSITS (INCLUDING REPURCHASE AGREEMENT LIABILITIES)	**10,133.9**	**100.0%**	**9,359.7**	**100.0%**	**774.2**	**8.3%**

Indirect funding

Indirect funding is intended as the sum of "Asset management", "Other securities held on deposit (net of securities issued by companies included in the consolidation)" in the section "Other Information" of the Notes to the Balance Sheet, and the component on the collection policy, as per the table "Details indirect funding" in the same section of the notes. The total stock of indirect deposits at 31 December 2014 thus amounted to 15,826.2 million euro, an increase of 9.2% on an annual basis.

As can be seen from the chart below, the main component of indirect funding is made up of the assets under administration, which accounts for 69% of the total. Assets under management represent 23% of indirect deposits, while insurance is 8%. Compared to last year there was a decrease in the incidence of assets under administration and an increase in the insurance component and asset management.



The table below shows that in 2014 the main components of indirect deposits have shown positive dynamics, this result was achieved thanks to the excellent work of branches and private bankers, as well as a climate of greater investor confidence. Stock markets, in 2014, have in fact recorded excellent dynamics on the rise reaching new highs and markets have benefited from the improvement of the economic situation in advanced economies and the accommodative orientation that continued to affect the conduct of monetary policy by the major Central banks worldwide.

The portfolios managed, amounting to 3,672.5 million euro, were up compared to 2013 (+ 15.6%). There also improved the collection component regarding insurance collection which, amounting to 1,307.7 million euro, was higher by 32.9% over the previous year. Assets under administration also recorded an improvement of 3.4% over the previous year, rising from 10,332 million euro in 2013 to 10,682.9 million euro in 2014.

Indirect deposits (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change absolute	Change %
Managed portfolios	3,672.5	23.4%	3,178.2	21.9%	494.3	15.6%
Assets under administration	10,682.9	68.2%	10,332.0	71.3%	350.8	3.4%
Insurance funding	1,307.7	8.3%	984.3	6.8%	323.4	32.9%
Units in investment funds subscribed by customers	-	0.0%	-	0.0%	-	-
Total indirect funding	**15,663.0**	100.0%	**14,494.5**	100.0%	1,168.5	8.1%

Loans

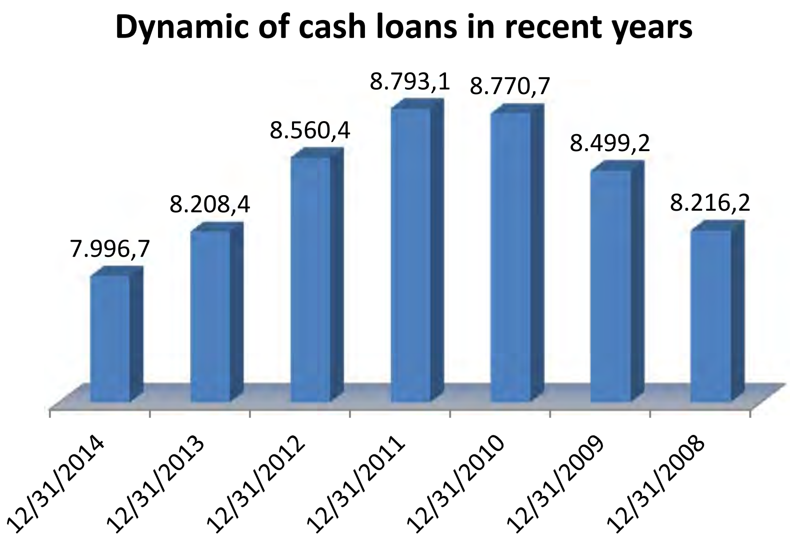
At year end 2014, loans to ordinary customers, excluding repurchase agreements, amounted to 7,996.7 million euro (8,208.4 at 31 December 2013), a decrease from the previous year by 2.6%.

In a still difficult economic situation, the Group maintained its support to households and small business enterprises and SMEs that have been shown to have adequate business prospects and business continuity by providing short-term credit intended to support businesses in the performance of current and medium / long-term support to families and companies for new investments and / or for restructuring of short-term loans.

There continued the ability to adhere to the Abi-Consumers Association moratorium for the suspension of payment of mortgage installments and New Measures for Loans to Small and Medium Enterprises for the suspension of the rate and lengthening of maturities of loans, as well as to finance investments and the advance of receivables due from the Public Administration.

Also during 2014 there remained the active collaboration with Regional Bodies, Associations, Credit Consortia and it was carried out using the funds made available by the EIB and Deposits and Loans Fund.

Given the complexity of the business environment, a strong impetus has been given to training and involvement of personnel working in the banking sector and the management of credit disbursed has played a major role.

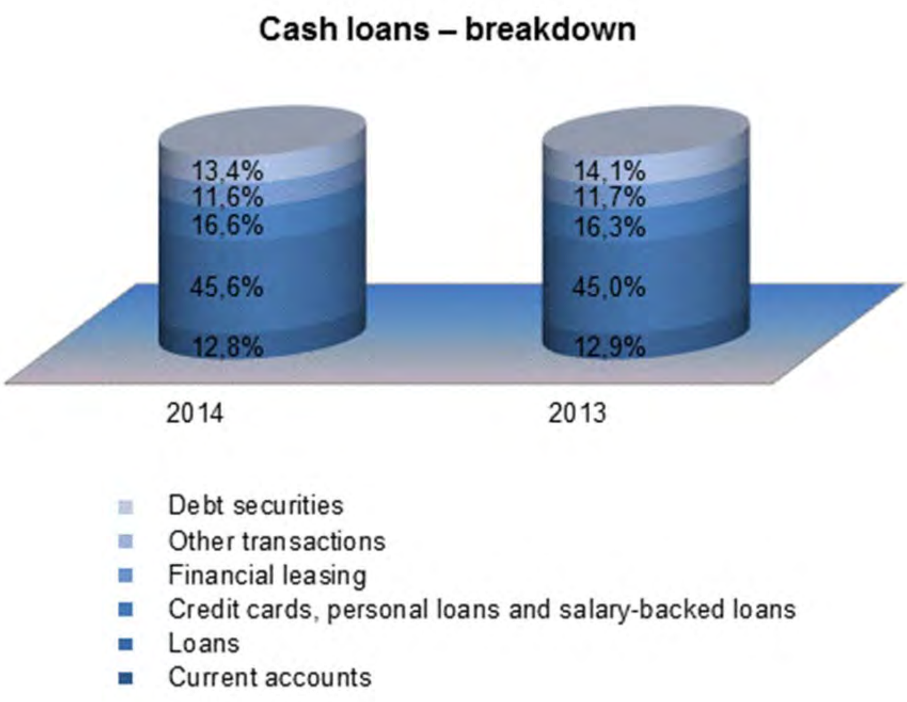


By analyzing the composition of loans to customers (see table below) we see that the amount of mortgage loans decreased slightly compared to last year, in particular due to the slowdown in demand by customers.

Cash loans (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change absolute	Change %
Loans to customers (except repurchase agreements)	**7,996.7**	**99.2%**	**8,208.4**	**98.7%**	**-211.7**	**-2.6%**
Performing	7,294.8	90.5%	7,562.0	90.9%	-267.1	-3.5%
- Current accounts	934.8	11.6%	972.8	11.7%	-38.1	-3.9%
- Mortgages	3,325.8	41.3%	3,406.1	41.0%	-80.4	-2.4%
- Credit cards, personal loans and loans	1,208.5	15.0%	1,231.7	14.8%	-23.2	-1.9%
- Financial leasing	849.4	10.5%	886.9	10.7%	-37.4	-4.2%
- Other operations	976.1	12.1%	1,064.2	12.8%	-88.1	-8.3%
- Debt	0.2	0.0%	0.2	0.0%	0.0	0.0%
Impaired assets	701.9	8.7%	646.4	7.8%	55.4	8.6%
TOTAL CASH LOANS (EXCLUDING REPURCHASE AGREEMENTS)	**7,996.7**	**99.2%**	**8,208.4**	**98.7%**	**-211.7**	**-2.6%**
Repurchase agreements	64.7	0.8%	107.1	1.3%	-42.4	-39.6%
TOTAL APPLICATIONS FOR CASH	**8,061.4**	**100.0%**	**8,315.5**	**100.0%**	**-254.1**	**-3.1%**
Detail Group companies						
Banca Sella Holding	148.9	1.9%	139.5	1.7%	9.4	6.8%
Biella Leasing	946.8	11.8%	962.7	11.6%	-15.8	-1.7%
Consel	970.0	12.0%	999.7	12.0%	-29.7	-3.0%
Heritage Bank Sella & C.	257.6	3.2%	245.3	3.0%	12.3	5.0%
Banca Sella	5,733.3	71.1%	5,963.3	71.7%	-230.0	-3.9%
Other Group companies	4.8	0.1%	5.1	0.1%	-0.3	-5.6%
Total Group companies	**8,061.4**	**100.0%**	**8,315.5**	**100.0%**	**-254.1**	**-3.1%**

The following graph shows the breakdown of performing loans, excluding non-performing assets.



Credit quality

As was the case in previous years, and in compliance with regulations of the Group, during the year 2014 audits were performed of evaluation parameters of impaired loans. In particular, the following parameters have been updated:

- percentage ratios of specific lump adjustments planned for overdue loans with a balance of less than 25,000 euro;
- percentages ratios of specific lump adjustments provided for objective and subjective doubtful loans with a balance of less than 10,000 euro;
- valuation parameters of specific analytical adjustments provided for impaired loans which are terminated and the non-performing loans.

Compared to 2013 this audit activity has led to a more severe updating of the yardsticks, leading to higher adjustments and levels of coverage.

The founding principle of the evaluation process of non-performing loans continues to be the evaluation and determination of analytical estimates of the recoverability of each customer and technical form, taking into account all the factors present such as guarantees acquired and / or acquirable, income and assets of the customer, lawsuit remedies available, possibility of court agreements, etc.

Only in the area of credit not subject to revocation of credit and of less relevant amounts is there maintained a lump evaluation mode with the application of percentage ratios.

This review of the key measures of specific adjustments is practical to allow application of valuation methodologies of impaired loans adapted to the conditions in the external environment and the macro-economic situation still characterized by a strong crisis of the economic system of the country.

A further component of the increase of adjusted funds, consisting of the change in cost estimates, and in the average times of execution and bankruptcy procedures on the non-performing loans, was approximately 1 million euro.

From September 2014, among the impaired loans there have been identified the exposures of "forborne non-performing" or exposures that were the subject of concessions (which may consist of a modification of the terms and conditions of contract), carried out with the aim to overcome customer difficulties in fulfilling their financial commitments already manifested or about to be manifest soon.

The classification should remain unchanged until the occurrence of the following elements:

- that the deterioration of the conditions of the customer do not degrade further;
- there has passed at least one year from the date of the final step of the concession;
- that the debtor repay the debt regularly on the new dates agreed upon without delay longer than 30 days.

At 31 December 2014 that classification, as required by the ITS (International technical standards) issued by the EBA (European Banking Authority) established by Regulation CRR 575/2013 enacted by Parliament and the European Council, overlaps and integrates the categories of performing loans defined by the Circ. 272 of 30 July 2008 and subsequent amendments enacted by the Bank of Italy.

With reference to the impaired loans, the positions "forborne non-performing" are allocated prevalently as substandard subjective, and to a lesser extent as substandard revoked and among the restructured loans.

In the company Consel there have been implemented improvements, in a prudent approach, of the calibration of risk parameters by introducing rules of prudential devaluation for some particular cases. Care was taken to make a refinement of the methodology for estimating LGD and TD for consumer credit. They also made other improvements to the refinement of the framework of writedowns on credit cards, on the concession of a salary-backed loans and the Pension and car leasing.

Also with reference to the management of the measures of "concession" (accommodation of rates, refinancing, debt consolidation) because of contact points with the recent legislation in the field of EBA Forbearance, the Company has provided to evaluate the Forborbe Performing and Non Performing forborne with a more prudent approach than the collective evaluations.

Net bad debts at 31 December 2014 totaled 311.2 million euro, an increase compared to 307.6 million euro in 2013. Problem loans at year end amounted to 345.1 million euro, an increase of 51.6% compared to 2013. Adding to the bad debts and substandard loans and restructured loans and past due loans at 31 December 2014 there were 701.8 million euro in loans.

In December 2014, the coverage ratio referring to non-performing loans was 64.2%, while, at the end of last year, it was 59%. The change in the year is mainly attributable to the revisions of the parameters described above. The coverage ratio of NPLs, defined as the set of adjustments made on impaired loans for cash and gross loans disbursed, amounting to 48.1% at 31 December 2013, was 43.7%.

As highlighted in the table below, the non-performing loans represent 8.7% of net loans to customers, slightly worse than the previous year, when the ratio was 7.8%.

Credit quality (in thousands of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change	
					absolute	%
Loans to customers	**8,058.2**	**100.00%**	**8,312.3**	**100.00%**	**(254.1)**	**-3.06%**
Performing loans	7,358.4	91.32%	7,667.9	92.25%	(309.5)	-4.04%
Loans	699.9	8.68%	644.4	7.75%	55.4	8.60%
of which net NPLs	*311.2*	*3.86%*	*307.6*	*3.70%*	*3.6*	*1.18%*
of which net impaired loans	*345.1*	*4.28%*	*227.6*	*2.74%*	*117.5*	*51.64%*
of which net restructured	*12.9*	*0.16%*	*29.3*	*0.35%*	*(16.5)*	*-56.16%*
of which past due net	*34.5*	*0.43%*	*84.7*	*1.02%*	*(50.2)*	*-59.26%*

The interbank market

The Group's activity on the interbank market shows at the end of 2014 total loans (net of bank overdrafts) of 31.6 million euro, compared to total liabilities of 888.2 million euro recorded in 2013. It can be seen how the trend of the items had a turnaround during the year but remained at very low levels compared to total assets.

Net interbank position (in millions of euro)

	12/31/2014	12/31/2013
Loans to banks	1,210	338
Due to banks	1,178	1,227
Net interbank position	**32**	**(888)**

Loans to banks

At 31 December 2014, loans to banks amounted to 1,209.9 million euro, a marked increase compared to 2013.

Analyzing the detail of the Group companies that have contributed to the breakdown of this item, one may notice that most of the loans to banks (88.8% of the total) are attributable to the parent company Banca Sella Holding.

Due from banks (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change	
					absolute	%
Loans to central banks	**934.8**	**77.3%**	**52.4**	**15.5%**	882	398.5%
Reserve requirement	934.8	77.3%	52.4	15.5%	882	398.5%
Other loans to central banks	-	0.0%	-	0.0%	-	0.0%
Loans to banks	**275.1**	22.7%	**285.9**	**84.5%**	(11)	-73.1%
Current accounts and deposits	126.5	10.5%	155.5	46.0%	(29)	-77.3%
Time deposits	6.9	0.6%	8.8	2.6%	(2)	-78.3%
Repurchase agreements	10.4	0.9%	11.3	3.3%	(1)	-74.2%
Financial leasing	-	0.0%	0.4	0.1%	-	-100.0%
Other loans	111.9	9.3%	90.8	26.8%	21	-65.6%
Debt securities	19.4	1.6%	19.0	5.6%	-	-71.5%
Total	**1,209.9**	**100.0%**	**338.4**	**100.0%**	**872**	**0.0%**
Detail Group companies						
Heritage Bank Sella & C.	6.7	0.6%	6.2	1.8%	1	8.5%
Banca Sella	52.3	4.3%	53.8	15.9%	(1)	-2.7%
Banca Sella Holding	1,074.9	88.8%	144.9	42.8%	930	641.6%
CBA Vita	10.6	0.9%	11.5	3.4%	(1)	-7.5%
Biella Leasing	0.6	0.1%	1.6	0.5%	(1)	-58.9%
Other Group companies	64.8	5.4%	120.4	35.6%	(56)	-46.2%
Total	**1,209.9**	**100.0%**	**338.4**	**100.0%**	**872**	**534.7%**

Due to banks

At 31 December 2014 the debts due to banks amounted to 1,178.3 million euro, marking a decrease of 3.9% over the previous year, which amounted to 1,226.5 million euro.

Analyzing the detail of the Group companies that have contributed to the breakdown of this item, one may notice that most of the debts to banks (72.4% of the total) is attributable to the parent company Banca Sella Holding.

Bank borrowings (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change	
					Absolute	%
Due to central banks	**838.5**	**71.2%**	**877.6**	**71.6%**	**(39.1)**	**-4.5%**
Due to banks	**339.8**	**28.8%**	**349.0**	**28.5%**	**(9.1)**	**-2.6%**
Current accounts and deposits	117.1	9.9%	165.7	13.5%	**(48.6)**	-29.3%
Time deposits	21.3	1.8%	12.3	1.0%	**9.1**	73.6%
Loans	199.3	16.9%	167.5	13.7%	**31.8**	19.0%
Other debts	2.1	0.2%	3.5	0.3%	**(1.4)**	-40.2%
Total	**1,178.3**	**100.0%**	**1,226.5**	**100.0%**	**(57.3)**	**-3.9%**
Detail Group companies						
Heritage Bank Sella & C.	47.3	4.0%	11.5	0.9%	**35.7**	309.7%
Banca Sella	24.6	2.1%	11.6	0.9%	**13.0**	112.2%
Banca Sella Holding	852.7	72.4%	963.0	78.5%	**(110.3)**	-11.5%
Biella Leasing	172.3	14.6%	189.8	15.5%	**(17.4)**	-9.2%
Other Group companies	81.5	6.9%	50.6	4.1%	**30.9**	61.0%
Total	**1,178.3**	**100.0%**	**1,226.5**	**100.0%**	**(48.2)**	**462.2%**

Financial assets

The total financial assets of the Group at 31 December 2014, amounting to 3,855.1 million euro was up 4.4% from the previous year, when it amounted to 3,694.1 million euro.

Considering the figure net of financial liabilities, the aggregate is on the rise compared to 2013 by 8.1%.

Financial assets / liabilities of the Group (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change	
					absolute	%
Financial assets						
Financial assets held for trading	393.1	10.2%	493.8	13.4%	(100.7)	-20.4%
Financial assets at fair value	633.7	16.4%	664.1	18.0%	(30.4)	-4.6%
Financial assets available for sale	2,828.4	73.4%	1,323.0	35.8%	1,505.4	113.8%
Financial assets held to maturity	-	0.0%	1,213.3	32.8%	(1,213.3)	-100.0%
Total financial assets	**3,855.1**	**100.0%**	**3,694.1**	**100.0%**	**161.0**	**4.4%**
Financial liabilities						
Trading financial liabilities	(95.5)	13.8%	(163.4)	21.3%	67.9	-41.6%
Financial liabilities at fair value	(596.8)	86.2%	(605.2)	78.7%	8.4	-1.4%
Total financial liabilities	**(692.3)**	**100.0%**	**(768.5)**	**100.0%**	**76.3**	**-9.9%**
TOTAL NET ASSETS AND LIABILITIES OF THE GROUP	**3,162.8**		**2,925.6**		**237.3**	**8.1%**

As can be seen from the table above, in the sum relating to financial assets and liabilities, there was a decrease of components held for trading and measured at fair value. Financial assets available for sale increased following the decision of the Board of Directors to liquidate the fund of financial assets held to maturity to undertake investments with shorter-terms placed in the portfolio of financial assets available for sale in which there was merged, according to forecasts of the IAS 39, the remainder of the portfolio of financial assets held to maturity.

Financial assets / liabilities held for trading

The total at 31 December 2014 of Financial assets held for trading (net of liabilities) was down 9.9% from the previous year, reaching 297.6 million euro, compared to 330.4 million in euro recorded in 2013.

Financial assets / liabilities held for trading (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change	
					absolute	%
Cash assets / liabilities	**297.4**	**99.9%**	**332.9**	**100.7%**	**(35.5)**	**-10.7%**
Debt securities	343.4	115.4%	455.5	137.9%	(112.2)	-24.6%
Equity securities	0.5	0.2%	0.4	0.1%	0.1	31.3%
UCITS units	25.7	8.7%	14.6	4.4%	11.2	76.7%
Other	(72.3)	-24.3%	(137.6)	-41.7%	65.4	-47.5%
Derivatives	**0.2**	**0.1%**	**(2.4)**	**-0.7%**	**2.7**	**-109.7%**
- of which financial derivatives	0.2	0.1%	(2.4)	-0.7%	2.7	-109.7%
- of which credit derivatives	-	0.0%	-	0.0%	-	0.0%
TOTAL NET ASSETS AND LIABILITIES FROM TRADING	**297.6**	**100.0%**	**330.4**	**100.0%**	**(32.9)**	**-9.9%**
Detail of trading assets for the main Group companies						
Heritage Bank Sella & C.	18.6	4.7%	29.3	5.9%	(10.7)	-20.3%
Banca Sella SpA	19.3	4.9%	25.0	5.1%	(5.6)	-2.7%
Banca Sella Holding SpA	325.0	82.7%	417.5	84.6%	(92.5)	-2.2%
CBA Vita SpA	10.0	2.5%	0.2	0.0%	9.8	6803.0%
Sella Gestioni SGR SpA	10.2	2.6%	8.9	1.8%	1.3	43.5%
Other Group companies	10.0	2.5%	13.0	2.6%	(3.0)	-3.3%
Total trading assets	**393.1**	**100.0%**	**493.8**	**100.0%**	**-100.7**	**0.0%**

As shown in the above table, the component of trading securities relates mainly to the parent company Banca Sella Holding (325 million euro) that performs treasury services for the entire Group.

There was maintained the strategy of diversification of investments, paying special attention to the quality of bonds issued by banks, financial and corporate institutions in the portfolio. To confirm this, there are neither Asset Backed Securities nor structured securities containing subprime mortgages or other considerable assets that can be considered in the broadest sense "toxic", and such securities have never been held during the year. In addition, there are no subordinated bonds of companies outside the Banca Sella Group.

The chart below shows the distribution by company for securities trading.

Financial assets available for sale

Financial assets available for sale at year-end amounted to 2,828.4 million euro, compared to 1,323 million recorded at December 31, 2013, with an increase of 113.8% since it received all of the investments of the liquidity obtained from disposal of portfolio investments held to maturity.

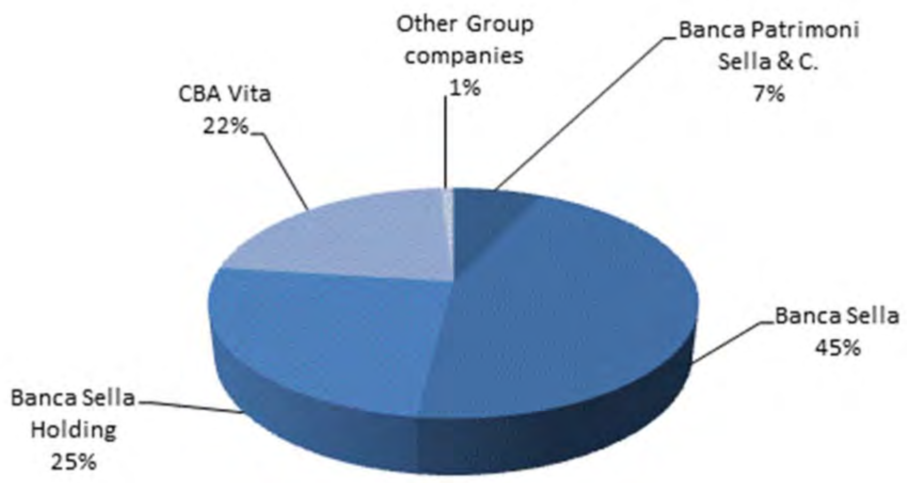
By analyzing the composition of the pool, one can see that the majority is made up of debt securities, which account for an amount of 2,758.5 million euro, equal to 97.5% of the total.

Financial assets available for sale (in millions of euro)

Items	12/31/2014	% weight of total	41,639	% weight of total	Change	
					Absolute	%
Debt securities	2,758.5	97.5%	1,269.6	96.0%	1,489	117.3%
Equity securities	46.9	1.7%	45.6	3.5%	1	2.8%
UCITS units	20.9	0.7%	5.0	0.4%	16	320.6%
Loans	2.2	0.1%	2.8	0.2%	(1)	-22.1%
Total securities available for sale	**2,828.4**	**100.0%**	**1,323.0**	**100.0%**	**1,505**	**113.8%**
Detail the main Group companies						
Heritage Bank Sella & C.	210.1	7.4%	185.8	14.0%	24	13.1%
Banca Sella	1,286.0	45.5%	491.6	37.2%	794	161.6%
Banca Sella Holding	704.4	24.9%	363.5	27.5%	341	93.8%
CBA Vita	613.9	21.7%	268.7	20.3%	345	128.5%
Other Group companies	14.0	0.5%	13.3	1.0%	1	5.1%
Total	**2,828.4**	**100.0%**	**1,323.0**	**100.0%**	**1,505**	**113.8%**

The chart below shows that the portfolio of financial assets available for sale is held mostly (45.5% of the total) by Banca Sella, followed by Banca Sella Holding, (with 24.9% of the total), by CBA Vita (21.7% of the total) and Banca Sella Heritage & C. (7.4% of the total).

Percentage breakdown by company of financial assets available for sale



Financial assets held to maturity

The financial assets held to maturity included debt securities held in the portfolio by banks and other Group companies. The Board of Directors of the parent company's extraordinary assembly of 17 July 2014 ordered the sale of securities from this sector. Following this decision in the months of July, August and September there has been alienated a significant amount of securities with maturities beyond 2017. According to IAS the remaining securities were reclassified as accounting for financial assets available for sale.

Financial assets held to maturity (in millions of euro)

Items	12/31/2014	% weight of total	12/31/2013	% weight of total	Change	
					absolute	%
Book value	-	0.0%	1,213.3	100.0%	(1,213)	-100.0%
Fair value	-	0.0%	1,274.7	100.0%	(1,275)	-100.0%
Details for the main Group companies (book value)						
Banca Sella Holding	-	0.0%	202.6	16.7%	-203	-100.0%
Heritage Bank Sella & C.	-	0.0%	201.3	16.6%	-201	-100.0%
CBA Vita	-	0.0%	708.5	58.4%	-709	-100.0%
Banca Sella	-	0.0%	-	0.0%	0	0.0%
Other Companies	-	0.0%	100.9	8.3%	-101	-100.0%
Total financial assets held to maturity (book value)	**-**	**0.0%**	**1,213.3**	**100.0%**	**-1,213**	**-100.0%**

Financial assets / liabilities measured at fair value

Among the financial assets at fair value there are allocated the investments made for the benefit of policyholders who have taken out insurance policies of the Unit and Index type and investments arising from pension fund management in the life business. The Group exercised the option to designate financial liabilities at fair value relating to deposits and Unit Index type insurance contracts, which are measured at fair value of the assets.

The examination of the sums at 31 December 2014 shows a decrease of 4.6% compared with the previous assets, which amounted to 633.7 million euro, and a decrease in liabilities of 1.4% compared to 2013 which amounted to 605.2 million euro.

Financial assets / liabilities measured at fair value (in millions of euro)

Item	12/31/2014	% weight of total	12/31/2013	% weight of total	Change absolute	Change %
Financial assets at fair value						
Debt securities	144.1	22.7%	257.1	38.7%	(112.9)	-43.9%
Equity securities	24.4	3.8%	25.2	3.8%	(0.8)	-3.2%
UCITS units	425.4	67.1%	345.4	52.0%	80.0	23.2%
Loans	39.8	6.3%	36.5	5.5%	3.3	9.2%
Total	**633.7**	**100.0%**	**664.1**	**100.0%**	**(30.4)**	**-4.6%**
Financial liabilities at fair value						
Due to banks	-	0.0%	-	0.0%	-	0.0%
Due to customers	596.8	100.0%	605.2	100.0%	(8.4)	-1.4%
Outstanding securities	-	0.0%	-	0.0%	-	0.0%
Total	**596.8**	**100.0%**	**605.2**	**100.0%**	**(8.4)**	**-1.4%**
TOTAL NET ASSETS AND LIABILITIES AT FAIR VALUE	**36.9**		**58.9**		**(22.0)**	**-37.4%**
Detail Net Group companies						
CBA Vita S.p.A.	36.8		58.8		(22.0)	-37.4%
Sella Life Ltd	0.1		0.1		-	1.2%
TOTAL	**36.9**		**58.9**		**(22,.0)**	**-37.4%**

Regulatory capital

As of 1 January 2014, as required by the new harmonized rules for banks and investment firms contained in Directive 2013/36 / EU (CRD IV) and Regulation (EU) 575/2013 (CRR) on 26 June 2013, which transfer the EU standards defined by the Basel Committee 3 and on the basis of the Bank of Italy Circular no. 285 and 286 and the updating of Circular 154, there took effect the new definition of own Funds, consisting of:

- Common equity tier 1, which includes ordinary share capital paid up, the share premium reserves, the profit for the period, reserves, minority interests (computable within certain limits) and other regulatory adjustments;
- Additional Tier 1 that includes minority interests (computable within certain limits) and other regulatory adjustments;
- Tier 2, which includes subordinated loans, minority interests (computable within certain limits) and other regulatory adjustments.

Legal provisions on own funds provide a transitional period, usually up to 2017, during which some elements that will be computable or deductible in full in the common equity, have an impact on Common equity tier 1 only for a percentage share; normally the remaining percentage with respect to that applicable is calculated / deducted from Additional Tier 1 (AT1) and Tier 2 (T2) or considered in the risk weighted assets.

For subordinated instruments that do not meet the requirements of the new regulations, there are specific transitional provisions, aimed at the gradual exclusion from own funds (over a period of 8 years) of tools no longer computable.

The liquidity of the Group Banca Sella

The year 2014 was characterized by a significant further improvement in the liquidity situation of the banking system that is attributable to the accentuated narrowing of the yield spread of Italian government bonds over government bonds of core countries, and, above all, the Monetary stimulus initiatives announced by the European Central Bank during the year.

In particular, during the year, there have steadily improved the conditions of access to institutional funding (either through emissions not guaranteed, or through covered bonds or asset backed securities - ABS) by Italian banks. However there remained significant the difference between the conditions of access to funding for banks to medium and small size compared to those enjoyed by most large institutions and of better rating. As a result of the attenuation of tensions on the institutional markets there has, during the year, been a decline in the cost of customer deposits. Despite the above-mentioned improvement of the general conditions of systemic liquidity, the unsecured interbank market continued, as in previous years, a record trade concentrated on shorter maturities (mostly overnight) and for small amounts.

The European Central Bank continued its action to support the banking system:

- lowering rates further MRO (main refinancing operations) , bringing them to 0.05%;
- extending until the end of 2016, the mode of allocation of "Full Allotment" funds for Lending Operations of the Euroystem;
- launching a program for the purchase of ABS and covered bonds;
- offering banks long-term (four years) "TLTRO" funding at particularly advantageous terms of cost (0.15% the first two operations).

The prudent management of liquidity has always been key in ensuring the normal banking business, especially in times of tension. Maintaining an adequate supply of liquidity, both short-term and structural is considered a cornerstone of prudent business management.

Monitoring and liquidity management are formalized in the Group's Liquidity Policy, which contains both the guidelines for the management of liquidity risk and the strategies to be taken in the event of criticality. The process management and control of liquidity allowed during the year 2014 to maintain a more than adequate level of the same. During the year there was a positive trend of the most important indicators of liquidity, structural and short-term, supported by improved macroeconomic conditions.

For more information on liquidity risk, please refer to the Notes, Part E, Section 3.

Group Companies

As mentioned previously, the Banca Sella Group consists of 20 companies (including 1 in liquidation) active in multiple geographies with a wide range of products and services.

Central, within the Group, is the role of Banca Sella Holding, which in the course of its business incorporates, in fact, three functions.

The first is that of parent company, which concentrates in a single entity the activities of management, coordination and control, defining the strategic guidelines and the guidelines for the development of the Group. This activity responds to the need, provided both by sector regulations and the company law, to ensure the functioning of the banking group through a "sound and prudent management" and to exercise strategic control over the various business areas in which the Group operates and on risks related to services rendered. The second is to pursue a management control aimed at ensuring the maintenance of conditions of economic, financial and equity equilibrium of the individual companies and the Group as a whole. The third is on the Finance or the operation of proprietary trading, portfolio management and corporate finance and securities ownership.

Under the second function are substantiated also activities as a service provider in relation to other group companies. In fact Banca Sella Holding manages at a centralized level and provides to its subsidiaries various services including:

- Trading in financial instruments;
- Access to financial markets;
- Centralized treasury of the Group (including management of relations and credit lines of Banking Counterparties).

As for the operating performance of the business areas listed above, please refer to the individual financial statements of Banca Sella Holding.

The main Group companies included in the consolidation may instead be so divided, according to their sector of activity:

- Italian commercial banks:
  - Banca Sella, the only Italian bank network of the Group operating mainly in retail activities;
- Large customers and asset management:
  - Heritage Bank Sella & C.: a bank whose business is focused on asset management, securities, advising on investment and development of the total equity of its customers', and which also holds the role of supplier of tools, services and products to private banking to the entire Group;
  - Selfid: a company whose object is the performance of fiduciary activities known as "static";
  - Sella Gestioni: a company active in the asset management sector (the sector of collective management) and in the area of individual asset management and pensions;
  - Family Advisory SIM SpA - Sella & Partners: a brokerage company, it is a multi family office that arises as a concrete response to the family and enterprise;
- Leasing
  - Biella Leasing: A company operating in the sector of financial leasing;
- Consumer Credit
  - Consel: a company that operates in the field of consumer credit, providing customers a wide range of products focused on credit;
- Bank Insurance
  - Brosel: a company active in the field of brokerage and insurance consultancy;
  - CBA Vita: a company that operates in the field of life insurance, sickness and accident insurance;
  - Sella Life: an Irish company specializing in issue of unit- linked policies;
- Banking Services

  - Selir: a Romanian company that is engaged in the design and development of computer products and provider of administrative services exclusively for the Group's banks, Easy Nolo and Consel;
  - Easy Nolo: a company that operates in the world of electronic payment systems;
- Other sectors of activity
  - Miret S.A.: a Luxembourg company of common law that deals exclusively with the management of administrative activities arising from past management of Sella Bank Luxembourg S.A.;
  - Immobiliare Sella and Immobiliare Lanificio Maurizio Sella: a real estate company of the Group;
  - Finanziaria 2010: a company of Group investments;
  - Selvimm due S.A.: a real estate company under Swiss law which holds the building which housed a company Sella Bank AG Group sold at the beginning of the year;
  - Sella Synergy India: an Indian company that on 15 February 2010 sold its computer assets to the Chennai Branch, a "permanent foreign establishment" of Banca Sella; the company is active but no longer operational;
  - Sella Capital Management: a company in liquidation.

For further information in relation to corporate transactions, please refer to the information at the beginning of this report on operations, in the section "Changes in Group structure and equity investments", section "Corporate transactions".

For more complete information on the individual performance of the main companies listed above in this section contains a brief comment on the activity and operating results achieved by them in the course of 2014, describing its operating performance and overall results.

Please note that the comments below show the results of applying the accounting policies used in the preparation of individual financial statements, also for Banca Sella and Banca Patrimoni Sella & C., the comments refer to the figures of the reclassified income statement.

Italian commercial Banks

Banca Sella S.P.A.

The overall result for the year amounted to approximately 64.2 million euro, a significant improvement compared to 31 December 2013 when it stood at 20.4 million euro; consequently the level of R.O.E. stood at 11.7%.

The year was characterized by the decision to sell part of the portfolio of own securities in the category Financial assets held to maturity, which resulted in gains on sale for about 75 million euro.

One must also remember that the year 2013 had been positively affected by the sale of the distribution of the Trentino Alto Adige and Veneto in the Cassa di Risparmio di Bolzano / Südtiroler Sparkasse, which resulted in proceeds from the sale for about 19 million euro.

Analyzing the items one notices a maintenance of the interest margin, which remains stable recording a + 0.1%, in the presence of further reduction in funding costs, which offset the reduction in lending volumes in conjunction with a decline in market interest rates.

Net commission income also registered a stable + 0.1%.

Net banking income benefited both from the results from trading and hedging, a significant improvement compared to 2013, reaching respectively +1.9 million euro and +3 million euro; and from the profit on disposal of financial assets, which amounted to 5.6 million euro. It is, therefore, an improvement of 2% compared to 2013.

In terms of operating costs, there persisted the action of containment; they are substantially stable at + 0.5% compared to 31 December 2013.

Even value adjustments on loans have marked a decline of 2.1% despite greater provisions being made due to the introduction of the International Technical Standards.

Net interest income at 31 December 2014 recorded an operating profit amounting to 197.7 million euro, up 0.1% from the previous year. In terms of assets, there were recorded mainly lower interest income on loans to customers, in the presence of decreasing volumes and average lending rates in contraction. Lower interest income was also derived from the titles, mainly from the sale of the portfolio of financial assets held to maturity.

This lower interest income was offset by a significant reduction in interest expense given the continuing trend of reducing the cost of deposits, despite the increase in volumes of direct deposits.

The impact on net banking income fell from 53.4% in December 2013 to 52.4% in December 2014.

The trend in net revenues from services, which amounted to 179.3 million euro, showed an increase of 4.2% compared to 2013, which amounted to 172.1 million euro.

This component accounted for 47.6% of revenues (45.6% at 31 December 2013).

In the business sector the indirect deposits outperformed compared to 2013 in particular the commissions on funds / umbrella fund, life insurance, ancillary commissions of investment services and TOL, driven in general by a context of volume growth and transformation into products of managed assets. This growth offset the contraction in trading, especially in the bond sector, whose performance was affected by a scenario of low interest rates and yields close to zero.

This performance was driven by good growth, at Group level, of the stock of indirect deposits determined both by the entry of new flows of deposits from customers and by the positive impact related to the good performance in the year of the Stock market values. The average profitability of indirect funding remains at essentially the same levels of 2013 (also excluding the component of overperformances of managed products), confirming the Bank's ability to provide good products / services to customers.

In terms of business payment systems, generally stable, there was a growth in the pos sector and a contraction in the sector of cards, e-commerce and traditional payment systems. The unfavorable conditions on the side of consumption, led to a decline in volumes transacted and margins both cards on both the e-commerce, while volumes increased as acquiring side (pos). At the level of profitability of the sector, it is always subject to a high degree of competition and regulatory input of compression of the margins.

Positive contribution under "gains on sale and repurchase of loans, financial assets available for sale and financial liabilities" for a net amount of 5.6 million euro.

In the remaining "other" includes commissions on the holding and management of current accounts and commissions on loans granted to customers.

Operating expenses amounted to 244.1 million euro, net of the positive contribution of 26.1 million euro for the item "Other operating expenses / income", are substantially unchanged at + 0.5%. It increases both the component of personnel costs (including IRAP for the same), mainly due to the increase in the Bank staff, both in Italy and in foreign Branches, and the component of administrative expenses. In particular, the latter have seen the increase in costs related to fees for consulting, training and the legal/litigatioin fees linked to the still high impact related to credit risk and contract work towards Selir for activities outsourced.

During the year, provisions were made for risks and charges for a total of 6.1 million euro, increased compared to 2013, for the most part allocated for operational risks and against provision for early retirement.

Net impairment losses on loans amounted to 103.5 million euro, down 2.1% from 105.7 million euro in the previous year despite further increased provisions needed following the introduction of the International Technical Standards with impact both on analytic and collective writedowns.

This item represents 1.5% of total loans. The context of generalized crisis and difficulties of households and businesses has meant that the adjustments have affected more significantly on the result.

Large customers and asset management

Heritage Bank Sella & C. S.P.A.

The year 2014 ended with a profit of 13 million euro, a significant increase (+7.8 million euro) compared to the year 2013, which had amounted to about 5 million euro.

The result at 31 December 2014 was mainly influenced by the following aspects:

- a positive trend in "Net income from services" that influenced the "Operating income". The latter reality, amounting to 58 million euro, increased by 35% compared to the previous year. The underlying reasons for this increase are attributable to operation of sale of part of the Italian Government bonds held in the "Investment assets available for sale" and "Investment assets held to maturity" which intervened in the course of the year with the aim to achieve greater diversification of the portfolio, previously focused on domestic government bonds, in optimizing the risk / return ratio inherent in the securities of a property;
- an increase in operating costs (+ 12.9%), which amounted to 36.5 million euro, in view especially of the increase in staff expenses, inclusive of IRAP increased from 19.7 million euro in 2013 23.5 million euro. This was due to growth in variable compensation, determined in turn by the favorable operating performance and by increase of staff;
- improvement of trading income, which offset the increase in operating costs, has enabled the Bank to achieve an improved operating profit compared to previous year (+ 102.1%).

greater provisions for risks and charges in 2014 amounted to 1.4 million euro in place of 0.8 million euro set aside in the year ending on 31 December 2013. Within this context it is important to give a brief focus on the situation of lawsuits. The year 2014 ended with 48 cases pending, recording, compared to the previous year, a reduction of the same by 8. The lawsuits (cases in which the Bank is the recipient of a claim aimed at obtaining a declaratory judgement of a right and subsequent condemnation of that bank) fell to 33 compared to 37 pendants in 2013. Compared to 2013, the active lawsuits (cases brought by the Bank for the recovery of its credit resulting from the distribution of credit and / or refreshment of damage) fell by n. 19 to 15.

Net interest income amounted to 9.6 million euro, slightly down by 1.5% compared to 2013. This increase is due mainly to a decline in interest income, resulting in a decrease in the volume of securities ownership portfolio in consideration of the trend described in the previous paragraph.

Interest expense increased by approximately 200 thousand euro, both for an increase in the volume of direct deposits, and an increase in interest rates paid to customers on demand deposits and time deposits and of repurchase agreements.

Net income from services amounted to 48.4 million euro, representing an increase of 15.2 million euro (+ 45.6%) compared to 2013.

Commission income rose by 7.6 million euro, this increase is mainly due to the performance of the result of the sector of asset management, insurance, administrated UCIs and greater volumes of indirect funding.

Commission expenses increased by 6.6 million euro in consideration of the costs related to the acquisition of higher collection also due to the intake of new private bankers.

The net profit from trading and hedging activities recorded an increase of 1.1 million euro due mainly to the Treasury and the desk of Milan.

Net banking income amounted to 58 million euro, an increase of 35% compared to 43 million euro in 2013 in view of the plurality of dynamics exposed in the preceding paragraphs.

Operating expenses amounted to 36.5 million euro, representing an increase of 12.9% compared to 32.3 million euro at 31 December 2013.

This increase resulted mainly from expenses for staff which, including IRAP, rose from 19.7 million euro of 2013 to 23.5 million of 2014, in relation to the growth of the variable component of the compensation determined by the favorable performance of the management and the increase in staff.

Other administrative expenses (net of recovery of stamp duty and other taxes) amounted to 11.9 million euro, a slight increase compared to 31 December 2013 when they were equal to 11.2 million euro. This increase is attributable to the normal course of the year.

The item Other expenses / income is improving, albeit still in negative, compared to 31 December 2013 increasing from -0.7 million euro to - 0.2 million euro.

As a result of the above, operating profit at 31 December 2014 amounted to 21.5 million euro, an increase of 102.1% compared to that recorded in the previous year.

The entry relating to provisions for risks and charges amounted to 1.4 million euro.

There were recorded during the year adjustments to loans of 0.1 million euro.

As a result of the performance above the profit from ordinary activities of their tax amounted to 19.7 million euro, compared to 9.4 million euro in the previous year.

Selfid S.P.A.

The Company, based in Biella, relates to the conduct of the fiduciary activity known as "static" (as provided for by Law no. 1966/39). Again in 2014, the main activity of Selfid was the nominee of capital securities, insurance products, as well as the assumption of fiduciary appointments for the nominee of quotas and shares of companies.

The number of trust mandates 31 December 2014 stood at 598, assets under management increased from 1,580 million euro in 2013 to 1,524 million euro in 2014.

Commission income amounted to 916,325 thousand euro, a slight decrease compared to 920,180 thousand euro the previous year. The largest item of cost consists of the cost of seconded staff at 461,010 euro; the item 'Cost of services' is equal to 720 thousand euro (in 2013 it amounted to 974 thousand euro).

Selfid ended the year with a profit of 64 thousand euro, compared with a loss of 94 thousand euro recorded in 2013.

Sella Gestioni Sgr S.P.A.

The company, based in Milan, has been operating since 1983 in the field of asset management in the sector of collective management; since 1999 also it operates in the field of social security.

At year-end 2014, the Company managed 16 mutual funds under Italian law, a mutual fund under Italian law specializing in investing in shares of other Undertakings for Collective Investment, consisting of 5 sub-funds, a pension fund divided into five sectors, as well as a SICAV under Luxembourg law and a Monaco fund. For the placement of its products, the Company makes use of banks and securities firms both belonging to Gruppo Banca Sella and external.

At 31 December 2014 the total assets under management (net of duplications) amounted to 1,880.6 million euro, an increase of 12.45% compared to year-end 2013.

The market share held by the Company as part of the Italian funds and overseas stood at 0.247% at the end of December 2014 while that of the pension fund at 30 September 2014 (latest available) is equal to 2,017%.

As for the collective management, including the pension fund, at the end of the year, the assets were represented at 75.7% by bond funds, 7.7% from balanced and flexible funds and 16.6% from equity funds .

The year ending 31 December 2014 closed with a net profit of 1.095 million euro compared with a profit of 1.484 million euro recorded in 2013 in the face of both a decrease in dividends received by the company CBA Vita SpA amounting to 187 thousand euro compared with 654 thousand euro of 2013, and lower incentive fees realized on managed products amounting to 448 thousand euro compared to 1.114 million euro in 2013.

Net commission income amounted to 7.153 million euro, a decrease of 0.2% compared to year-end 2013 due to lower incentive fees. It is noted that the other net commissions were higher than the figure of 2013 by 10.7% in the presence of a higher average assets under management.

Net banking income amounted to 7.78 million euro, a decrease of 7.4% compared with the figure of 2013 for the effect of the above in the previous paragraph and the dividend of CBA Vita SpA.

Structural costs, amounting to 6.29 million euro, were 1.51% lower than last year. This reduction was mainly caused by lower variable compensation.

The workforce of the Company, including the attachment of staff, passed from 44.82 full time equivalent at the end of 2013 to 44.26 full-time equivalent at the end of 2014.

For 2015 the company foresees to pursue a goal of growth in volumes and quality of the products managed in an approach increasingly attentive to cost containment.

Leasing

Biella Leasing S.P.A.

The Company, based in Biella, operates in financial leasing in all sectors, including: automotive, capital goods, property, recreational boating and photovoltaics. Biella Leasing is present in Italy with 8 branches, besides the headquarters in Biella.

During the year the Company signed 3,447 contracts for a total amount of 229.2 million euro; this figure has increased compared to last year (3,174 contracts with a value of 199.7 million euro).

The market share of the new signed contracts stood at 1.43%, an increase compared to 31 December 2013 when it stood at 1.39%.

Net banking income amounting to 20.1 million euro, was down compared to 2013, when it stood at 22.4 million. Operating costs, including personnel costs and other overheads, at 31 December 2014 amounted to a total of 7.1 million euro, an increase compared to the previous year which amounted to 6.9 million euro.

At 31 December 2014 the staff, employees and seconded staff from other Group companies, was composed of 68 people (compared to 69 in 2013), including 34 men and 34 women. The seconded staff consisted of 5 people.

The ratio of net doubtful loans rose from 2.8% at 31 December 2013 to 3.1% at 31 December 2014.

The company thus closed the year with a net profit of 2.3 million euro, down 30.3% compared to 3.3 million euro at 31 December 2013.

Consumer Credit

Consel S.P.A.

The company, with headquarters in Turin, is active in the field of consumer credit, providing customers a wide range of products focused on credit, especially loans for hire purchase, credit cards, loans against the assignment of salary and automotive leasing. Consel does business through an operational structure consisting of 252 employees (there were 263 at the end of 2013), 17 direct branches, 2 "Consel Point" affiliates and more than 3,788 sales points active in 2014 on the Italian territory.

The activity of consumer credit of the Assofin Associates in 2014 settles in positive territory compared to the same period last year. Despite the increase in terms of total flows, the market remains at the levels of 2005. As for the new loans, these amounted to 46.58 million euro, showing an increase of + 2.5% compared to 2013; the dynamics of the number of operations funded (156 million) proves to be positive (+ 5.6%) due to the growing number of transactions carried out with cards and car loan options (both + 5.8%).

Within a context of widespread uncertainty, the trend recorded in 2014 on the various sectors is fluctuating because some products recorded contractions (personal loans and more attenuated salary backed loans with a -0.6% and -0.7% respectively , more marked was the decline in other finalized loans with a -3.2%) while the finalized loans distributed through retail outlets registers a positive development especially in the motor segment (cars and motorcycles + 5.8%).

During 2014, Consel SpA lost market share compared to 2013 (from 1.235% to 1.084%).

The Company recorded in the period a slight decrease in the number of cases concluded in the credit segment for traditional consumption (thus excluding credit cards) with 143,206 funding operations provided compared to 149,149 in 2013.

As for the volumes supplied in the sector of consumer credit (thus excluding leases), the trend is in contrast to the positive performance of the market, including also transactions with revolving card / revolving loans, Consel in total provided financing for a total of 512,82 million euro (560.55 at the end of December 2013), a decrease of -8.5% compared to an increase of 2.5% that the market records.

Examining in detail the different sectors, it should be noted that the activity on personal loans decreased by 39.7% over the previous year, with a total amount paid of 83,133 million euro and 9,777 operations; the automotive and motorcycle sector recorded on the contrary an increase of 4.2% (to 165.4 million euro and 14,926 transactions settled) as well as the sector of the other finalized goods that grew by 2.6% (173.9 million of euro with 128,690 operations).

As for credit cards, in the end of 2013 there are 81,321 active cards (78,611 in the previous year), with a total of 41.5 million of the amount used (52.63 in 2013). In 2014 there was introduced the revolving product on which there was recorded 8.2 million disbursed.

With the activities of employee loans, by virtue of the distribution agreement signed with Pythagoras SpA, Consel provides 46.29 million euro (it was 47.8 in 2013) and liquidated 2,318 applications (2,514 in 2013).

Automobile leasing activities, which by commercial choice was limited in its direct development and transferred to Biella Leasing SpA, produced in the year a total of 2.04 million euro disbursed, with 80 transactions settled; in the previous year the amount was 2.19 million euro, with 98 operations.

Net interest income, corresponding to 40.2 million euro, was up 6.9% on 2013, while net banking income of 53.9 million euro, showed an increase of 0.6% compared to 2013, with the decrease of total income, which stood at 19.1 million euro (-9.9%).

Overheads at 31 December 2014 amounted to 32.3 million euro, 31.3 of which relate to administrative costs and personnel (down from 32.0 million registered in 2013) and 1.0 million in amortization (1.1 million in 2013).

The net adjustments to loans amounted to 67.3 million euro versus 21.4 million euro in 2013. The main adjustments were determined by improvements, in a prudent approach, to the calibration of risk parameters introducing rules of prudential devaluation for some particular cases. Care was taken to make a refinement of the methodology for estimating LGD and TD for consumer credit. They also made other improvements to the refinement of the framework of writedowns on credit cards, on the salary-backed loans and pensions and car leasing.

Also with reference to the management of the measures of "concession" (accommodation of payment schedules, refinancing, debt consolidation) because of points of contact with the recent EBA legislation in the field of Forbearance the Company provided for the evaluation of Forborne Performing and Forborne Non Performing with a more prudent approach than that of the collective evaluations.

The loss, after taxes that record a positive sign of 13.8 million euro, amounted to 27.7 million euro compared to a profit of 1.6 million euro in 2013.

Bank insurance

Brosel S.P.A.

The Company, based in Biella, operates in insurance brokerage and consulting, and has the characteristic of the end of the year closing brought forward to 30 November.

During the year 2014 Brosel brokered a premium volume of around 2 million euro.

Net commissions from insurance intermediation (approximately 1.7 million euro, down 4.5% compared to the previous year) compared to overall costs in a reduction of approximately 2% over the previous year, and Financial income down by about 13% following the reduction in the level of interest rates, led to a loss before taxes of 385 thousand euro, a decrease of 15% compared to the previous year.

Net profit amounted to 237 thousand euro, 18% lower compared to the previous year when it stood at 289 thousand euro.

The decline in net banking income, and consequently net income is primarily due to the reduction in commissions from setting premiums, the result of a general decline in sales and wages of client companies and the loss of some significant business.

In 2014 the Company's business continued to grow mainly in the segment of corporate customers, and in respect of financial and credit institutions, in which the Company has a particular expertise and professionalism.

The main projects of the strategic plan 2014/2016, concern the commercial and organizational aspects and that of new technologies for the acquiring of and dialogue with customers. Regarding the first point there continued the expansion of the sales network in the area of Verona and Turin, to better support the development of the network in collaboration with the Gruppo Banca Sella, which can provide a valuable introduction to their own businesses customers. With regard to the second point there was developed the project for the replacement of the management software and the start of optical document storage, which will become operational in the course of 2015. With regard to the third point there continued the study of the opportunities offered by the presence of the Company on the Web and on social networks.

CBA Vita SPA

The company, based in Milan, operates in the life insurance, illness and injury.

During the year, CBA Vita achieved total net of 327 million euro (an increase over the 184.2 million euro in 2013) driven mainly by traditional life policies. The premiums ceded amounted to 1.6 million euro.

Gross premiums from non-life portfolio amounted to 1.7 million, while premiums ceded for the same amount to 0.7 million.

The overall technical account result amounted to 2.9 million euro, compared to 1.8 million euro the previous year.

Operating costs amounted to 3.9 million euro, of which 2.1 million euro related to other administrative expenses and 1.7 million euro relating to net commissions of purchase and collection. The aggregate shows an increase of 25.81% compared to 2013.

The number of employees compared to the previous year remained unchanged from the previous year and amounted to 21 units.

The exposed trend has led the Company to close the year with net income, determined in accordance with national accounting standards, of 3.6 million euro, compared to net income of 3.3 million recorded at the end of 2013. With regard to Life products, in the first half of 2014, the Company has provided, as required by law, to update the information packages of products in distribution.

As of January 2014, after having completed the authorization process required by COVIP, there was eliminated the loading percentage of the subsequent installments of the PIP CBA Security - Pension Fund signed before the amendment introduced in mid-2013, thus extending to all customers the benefits recognized to new members in the second half of 2013.

There continued the collection of a new multi-class product called "Multiple Choice STAR", launched in November 2013, which, according to the investment strategy of the client, allocates part of the premiums paid in the separate management CBA Accumulation and part in the segments of the external fund "Star Collection" managed by Sella Gestioni S.G.R. and operational since early 2013. The insurance product allows the distribution network of Banca Sella to offer its clients a "Multimanager" management of the investments associated to the particular characteristics of unit linked type insurance products. Premium income at the end of 2014 in the new multi-class product exceeded 13 million euro.

There also continued the collectioin in the in the product "CBA Your Value" tied to the account "Count Your Value": the guaranteed minimum annual return on capital insured was 1.25% for new subscribers in the first three quarters in 2014, while, for the policies already in the portfolio, the guaranteed minimum annual return was 1%. In the last quarter of 2014, the guaranteed minimum return was 1% on an annual basis, for both new subscriptions and for policies already in the portfolio. As of January 2015, given the trend in a further drop in market interest rates, the yield was increased to 0.8% on an annual basis.

The initiative launched in late 2013 to recognize favorable terms for customers who decide to reinvest in a new life insurance policy funds received at maturity, eliminating, in the new policy deriving from the reinvestment, the entry costs charged on the premium and the penalties for redemption provided for in the first five years, has allowed the recovery of a large part of the expired portfolio, allowing one to increase the assets of the separate management CBA Accumulation, extending at the same time the duration.

There were no particularly significant events in the first months of 2015.

During the month of December, CBA Vita made a payment of capital to the subsidiary Sella Life for 1.6 million euro. This payment was necessary following the issue by the Irish regulator CBI of a regulation that limits the use of tax credits of insurance companies operating in Italy in LPS and self declared tax substitutes for its policyholders, for the coverage of the solvency margins.

In mid-September CBA Vita has received the inspection by Ivass that ended on 5 December. The results of the investigation were submitted to the Board of Directors on 22 February 2015.

There were no particularly significant events during the year.

Sella Life Ltd

The insurance company Sella Life Ltd, based in Dublin, is specialized in the issue of unit linked policies, mainly distributed through the networks of the Italian Group. In particular, the Company offers personalized policies, known in the English-speaking world as personal portfolio bonds and destined to private customers.

During the year, the company collected premiums for 58.2 million euro, reaching a portfolio of investments totaling 595 million euro. Net banking income in 2014 amounted to 2.3 million euro, in continuous improvement over previous years (1.8 million euro in 2013) due to an increase in the percentage of the maintenance charge of the product Sella Personal Life (SPL and its recent revision SPLN) and portfolio investments under management. Structural costs in 2014 remain substantially unchanged from the previous year and amounted to 1.5 million euro (last year they amounted to 1.45 million).

The combination of the effects described above has led the company to close the year with a profit of 755 thousand euro (compared to a profit of 962,000 euro recorded in the previous year, of which 541 thousand had been generated by the recovery of tax losses previous years).

Banking Services

Selir S.R.L.

The company, based in Galati (Romania), is engaged in the Computer Design and Development sector, in the provision of Administrative Services, Contact-Center services and credits to all banks in the Group, for Easy Nolo, Consel and from 2012 also for Unione Fiduciaria (an external company).

Gross operating income in 2014 stood at around 5.45 million euro, an increase of + 14% compared to 2013 (when it stood at 4.78 million euro).

Net revenues from services in 2014 (5.07 million euro) grew by + 11% compared to 2013, reflecting increases in the activity carried out by the structure Administrative Services of Back-Office, Contact-Center and the new Credits structure (+ 15%), and the revenues generated by the Software Development (+ 6%).

Structural costs amounted to 4.65 million euro, a growth of + 20% compared to the previous year. Within this item, there increased the expenses for personnel amounting to 3.61 million euro (+ 22% compared to 2013), and also administrative expenses (+ 15% compared to 2013).

The Company ended the year with a net profit of 657 thousand euro, a decrease of 94 thousand euro compared to the previous year.

Easy Nolo S.P.A.

The Company, based in Biella, operates in the world of electronic payment systems and specializes in the field of e-commerce transactions with the platform Gestpay, POS terminals, fidelity solutions and mobile payment services. Its activities include: developing software for payment acceptance systems on national and international circuits; rental, connection and maintenance of POS terminals to merchants and banks; creation and management of value added services payable on POS (fidelity custom services).

The value of production amounted to 9.4 million euro, an increase of 9.0% over the previous year. Production costs, amounting to 6.6 million euro, were essentially unchanged from a year earlier. Consequently, the difference between revenues and production costs, amounting to 3 million euro, shows an increase over the previous year of 0.85 million euro.

The Company ended the year with a net profit of 1.974 thousand euro with respect to 1.371 thousand euro compared to the previous year.

For the year 2014, there were no significant events.

For management in 2015, it will aim at consolidation of existing services and to create new products.

Other sectors of activity

Miret S.A.

Operational risks to which Miret S.A. is exposed - related to relationships not conferred as of 1 July 2010 to the banking company Banque BPP S.A. (now Banque de Patrimoines Privés S.A.) after the splitting - are only those related to events entirely attributable the previous management (2001 - 2003), which was brought to an end with the departure of the management in charge and its immediate replacement in November 2003. Reporting has been made on them already in prior periods.

For reasons of clarity and consistency, we represent the distribution of risk by following the same pattern that appears in the report for the 2013 financial statements, thus distinguishing:

- risks related to the role of depositary bank and administrative agent that Miret S.A. (then Sella Bank Luxembourg SA) assumed against Sicav Amis Funds ("Amis") and Top Ten Multifonds ("TTM");
- the risks relating to disputes arising with regard to the relationships of Miret S.A. (then Sella Bank Luxembourg SA) with some provisions of law BVI (British Virgin Islands) and with their management and / or sub-management companies or with subjects directly or indirectly related to the first or the second.

With reference to sub (a) litigation, it should be remembered that the legal actions initiated by the aforementioned Sicav against Miret S.A. were the subject of the transaction signed on 21 March 2008, approved by a sentence - now res judicata – of the Court of Luxembourg 3 July 2008 and regularly performed by Miret S.A. with payments on 8 August 2008 and 8 June 2010 ("Transaction").

The full execution of the Transaction and the subordinate obligation to pay the remaining amount of € 540,000.00 (attributable to the Vario Invest affair) have been the subject of complaints by Miret S.A. based on a series of shortcomings in the documents produced by the Liquidators in support of their demand for full payment of the amount agreed. There followed another settlement with payment by Miret S.A. of € 230,000.00 and the waiver by Liquidators of any further request pursuant to the Transaction. To date, therefore, there can be considered definitively executed by Miret S.A. it’s obligations under the Transaction with reference to Vario Invest. The further transaction was completed in the above terms on 7 May 2014, confirmed by exchange of letters of 14 May to 11 June 2014. The payment took place on May 28, 2014. The Liquidators have therefore renounced all further actionable claims on the basis of the Transaction and Miret S.A. in place of a payment expected since March 21, 2008 for € 4,000,000.00 paid the lesser amount of € 3,690,000.00.

With reference to the risks sub (b) it is recalled that on 17 October 2013 there was signed a settlement agreement between, on the one hand, Miret S.A. and, secondly, the company management and sub-management of three BVI registered fund, the declared economic beneficiaries of the company's management and sub-management and the last declared economic beneficiary of the three BVI registered funds. This agreement, duly executed by Miret S.A. on 21 and 24 October 2013 led to the extinction of the actions brought by the management and / or sub-management companies or by parties directly or indirectly related to the first or the second. The agreement does not allow the extinction of the entire litigation concerning risks sub (b), there remain the outstanding litigation brought by BVI registered funds, where there are also carried out requests for a higher amount. Recently, the ultimate beneficial owner of the three BVI registered funds has confusedly challenged Miret S.A. with violations of commitments made in the transaction, claiming damanging actions against the company. These initiatives, which appear as of now entirely unfounded and merely instrumental, will be formally rejected by Miret S.A.

Overall, having carried out the Transaction with the judicial liquidations of the Sicav Amis Funds and Top Ten Multifonds also regarding the to Vario Invest investors (above letter A), it seems prudent to the state to make quantitative changes decreasing the risk assessment carried out in the 2013 financial statements of Banca Sella Holding for the sole sum of € 540,000.00 referring to the risks referred to in subparagraph (a).

Sella Capital Management s.g.r. in liquidation

The Company, pursuant to the resolution passed by the Shareholders' Meeting on 18 September 2007, with effect from 1 October 2007, was placed in voluntary liquidation following the sale of the business relating to the delegated management and activities of consulting and, consequently, following an application submitted by the Commission, by order of 6 December 2007 it had been erased from the Register referred to in art. 35 of Legislative Decree no. 58/98 of the Bank of Italy.

As a result of the above, already at the end of 2007, the Company had taken on a simplified organizational structure, aimed at supporting activities related to corporate liquidation and management of residual complaints and lawsuits, mainly related to the previous work carried out by Sella Capital Markets SIM, now extinct and of which Sella Capital Management acquired the business unit on 23 November 2003.

During 2014, the Group continued to reduce costs initiated in previous years and in particular since September 2008. The Company has no employees and the Liquidator makes use of a resource controlled partially, at 10%, by other companies Group.

The year 2014 ended with a profit of 67.6 thousand Euro (compared with a profit of 108.1 thousand euro in the previous year), determined by the positive results of the investment company's assets that is the only source of income of the Company because of its liquidation resulting in cessation of all activities and to cover costs already so contracted so as to be not further reduceable.

Sella Synergy India Ltd

Sella Synergy India, based in Chennai (Madras - India), operated until 14 February 2010 in the design and development of computer products for the company and the Group's banks. On 15 February 2010, the Company sold its IT activities to Sella Banking S.C.p.A. (now Banca Sella) Chennai Branch, a "permanent foreign establishment" of Sella Banking. Sella Synergy India is still in business, though no longer operational, to allow the resolution of administrative issues. The situation of inactivity will continue until decision of the competent authority. Sella Synergy India currently has no employees.

Own Shares

Neither Banca Sella Holding nor any other company included in the scope of consolidation during the year, held, purchased or sold its own shares or quotas, or shares of the parent company.

Business outlook

The scenario

The world economy should show a moderate acceleration of growth in 2015.

In the US, the gradual strengthening of private demand and the prospects for a gradual adjustment of monetary policy justify the expectations of expansion of GDP to levels more sustained than in 2014, shared by most professional forecasters. The Eurozone economy should see a consolidation of the economic recovery thanks to the stimulus provided by the expansionary measures of the ECB, the weakening of the euro and the benefits arising from the fall in oil prices. However, there remain factors braking the intensity of the recovery in the monetary union, such as the necessary budget adjustments in the public and private sectors, the widespread conditions of fragility of the labor market and the risks that affect the growth prospects of overseas economies. The exit from the recession for Italy will be supported by the factors mentioned above for the Eurozone, as well as a moderately expansionary intonation of the fiscal policy. Emerging countries should record, while in the wide diversity of perspectives on individual economies, growth rates of GDP in modest deceleration, however, they will remain at levels that exceed those of the advanced economies.

In terms of consumer prices, the excess of spare capacity and the expected absence of pressure on commodity prices should lead to the persistence of inflation at low levels in advanced countries, especially in the Eurozone. The ECB will maintain a very accommodative monetary policy stance and the implementation of the program of purchases of government bonds will contribute to the maintenance of government yields at very low levels. The Federal Reserve should start tightening the cycle of the policy rate over the course of 2015 subject to the occurrence of conditions for growth and inflation consistent with the provisions of its mandate.

Business continuity, strategy and profitability of the Group

With reference to the documents the Bank of Italy, Consob and Isvap n.2 of 6 February 2009 and n. 4 of 3 March 2010, for information to be disclosed in financial reports on the business prospects, with particular focus on business continuity, financial risks, on the checks for reduction in value of assets (impairment test) and uncertainties in the use of estimates, the Board of Directors confirms that the reasonable expectation that the Group will continue its operations in the foreseeable future and therefore attests that the financial statements for the year have been prepared in this perspective of continuity.

In the capital and financial structure of the Group and the performance of operations there is no evidence or signs which could imply the uncertainty regarding business continuity.

For disclosures relating to financial risks, the checks for reduction in value of assets and uncertainties in the use of estimates, please refer to the information provided in this report, in the comments of management trends, and / or in the specific sections of the Notes.

Significant events after the reporting period

On February 9, 2015, in the normal course of Supervision, the Bank of Italy began an inspection in Banca Sella Holding having as its object: "Analysis of the quality of the loan portfolio of the group and the functionality of its credit processes" following the previous inspection held on these issues in 2010 and the most recent general inspection that took place in 2012. The audit will cover the loans granted by Banca Sella, Banca Sella & C. Heritage, Biella Leasing and Consel.

In February 2015, the Board of Directors of Banca Sella and Banca Sella Holding has approved the changes in the organization chart.

Below are shown the most significant changes in Banca Sella:

Areas and Support services for the Directorate General

- The responsibility of a Delegate of the Employer regarding Security (DDL) refers directly to the CEO;
- The Area Security, Controls and Operational Risk Management takes the following organization: the existing service of Controls and Follow Up, is flanked by the Physical Security service with the mission to manage the processes and policies concerning the risks of physical security.

Area Network

There is established the Organization and Human Resources Network area, whose mission is to contribute to the better functioning of the Banca Sella Network, overseeing the business processes and the organization of work, to improve the achievement of development and the effectiveness of sales and to increase the quality of service perceived by customers. It also handles, in close collaboration with the Human Resources Department of Banca Sella, the constant training, career and professional growth and satisfaction of the Network Colleagues.

In order to provide consistent internal organization with the new Strategic Plan and to make resources and skills more synergistic, the services areas of Banking and Investment Services, Payment Systems and Marketing and Sales Organization are placed within the areas of Solutions and Digital Marketing Banking and Investment Services. There is in fact established the Digital Solutions and Marketing Area. The mission of the area is to seize the opportunities offered by digital both to evolve the way they interact with customers and to improve the customer experience, and to acquire new customers, positioning us as a bank that can create innovative services that are useful and cutting edge for customers.

Reconciliation of shareholders' equity and profit of the parent company and the shareholders' equity and the consolidated profit attributable to the Group

Reconciliation of shareholders' equity and profit of the parent company and the shareholders' equity and the consolidated profit attributable to the Group

(in thousands of euro)	**Profits of the year 31 December 2014**	**Shareholders' equity at 31 December 2014**
Balances as per the Parent Company's financial statements	**16,170**	**622,639**
Deduction of treasury shares	-	-
Equity belonging to the group of consolidated companies with the Integral and shareholders' equity methods	-	150,723
Profit for the period of consolidated subsidiaries, less the share attributable to minority interests	59,469	59,469
Profit for the period of subsidiaries evaluated with the shareholders' equity method attributable to the Group	423	423
Elimination of intragroup dividends collected during the period	-9,660	-
Consolidation adjustments:	-	-
Reversal of write-downs of consolidated subsidiaries	3,357	92,851
Valuation of goodwill	-	-51,039
The reversal of the sales profits made between group companies	-	-77,351
Other adjustments	716	-23,744
As per the consolidated financial statements	**70,475**	**773,971**

The difference between the assets in the financial statements of the Company and that of the consolidated financial statements results from the policies and methods described in Part A "Accounting Policies" of the Notes to the consolidated financial statements. They comply with the legal guidelines and tend to represent the situation and the results of the Group as if it were a single business entity.

Biella, 31 March 2015

In the name and on behalf of the Council
The Chairman of the Board of Directors

Maurizio Sella

Statutory Auditors' Report

BANCA SELLA HOLDING SpA

Headquarters in Biella, Piazza Gaudenzio Sella, 1
Share capital € 107,013,670 fully paid
Business Register of Biella and tax code: 01709430027
Member of the Interbank Deposit Protection
Register of Banks and Banking Groups

BOARD OF AUDITORS

ORDINARY GENERAL MEETING OF SHAREHOLDERS

OF 30 APRIL 2015

Dear Shareholders,

During the year 2014, the last of our mandate, we have fulfilled the tasks of institutional supervision established by Article 2403 of the civil code - the statutory audit is entrusted to DELOITTE AND TOUCHE - and regarding these we refer you to Article 2429, second paragraph, of the civil code.

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Supervision

Our business has been based also on the basis of a planning throughout the three-year cycle of our office, of non-recurring aspects, in order to deal rationally with the multiple profiles under supervision.

We held sixteen meetings and attended the eighteen meetings of the board of directors, the ordinary shareholder's meeting and the thirteen sessions of the Audit Committee, since 2015 called the Risk Committee.

In the course of our operations and regular meetings, we have:

- obtained continuously during the meetings of the board of directors, information – given according to the manner and content generally adopted by practice – on the activity performed and on the most significant economic and financial transactions, ensuring that those approved and implemented were compliant with the law and the by-laws, not manifestly imprudent, risky, or in contrast with shareholders' resolutions;
- we observed, similarly, the compliance with the provisions of Article 2391 of the civil code with regard to the resolutions passed in the presence of the directors' interests;
- noted that the meetings were structured and accompanied by content in accordance

with what is required by Article 2381, third and fifth paragraphs, of the civil code;

- acknowledged the positive, recurrent evaluations of the board regarding the adequacy of the administrative and accounting structure of the company and the group;
- received information on and ensured, as far as was our competence, and recalled the claims of the board, both on the adequacy of the structure - following further work periodically introduced for the implementation of the provisions of the 15th update of Circular no. 263 of BANK OF ITALY – and on compliance with the principles of proper management, through direct observation and collection of items and information from the relevant functions, including internal audit and compliance;
- acquired the results of operations carried out by a company audit, meeting with its representatives and exchanging reciprocal considerations and conclusions;
- received confirmation from the statutory auditor that the network DELOITTE & TOUCHE has been recognized fees for non-audit services provided to BANCA SELLA HOLDING, of a marginal amount and in any case such as not to compromise its autonomy;
- supervised the activity and independence of the review company pursuant to Legislative Decree. n. 29/2010;
- found, through in-depth analysis conducted, the persistence of the adequacy of the internal control system and the administrative and accounting systems, confirming for latter a suitability to correctly represent management events, and making when necessary prevention tips and overcoming deficiencies;
- made sure that the assets useful for supervisory purposes was consistent with the proposed sums;
- met the members of the audit committees of other entities of the group, in order to exchange information and considerations, in accordance with the directions of the Authority and the provisions of Article 2403 *bis* of the civil code, keeping in mind that a company, in quality of a parent company, carries out the management and coordination referred to Article 2497 of the civil code;
- made a notification according to Article 52 of the Legislative Decree. n. 231/2007 as to abnormalities related to activities associated with the management of a single electronic archive, essentially power-run, about which there are ongoing corrective actions;

- noted that the activity performed did not reveal other significant facts, which directly concern the company, such as would have required us to mention it in our report;
- not directly received complaints pursuant to ex-article 2408, nor have heard of any;
- formulated the expected opinions and statements;
- carried out the annual self-evaluation process of the adequacy, in the presence of diversified professional figures and skills, of the composition and functioning of the board's administration, which, despite the comfort of the results obtained, leaves room for improvement;
- made, with similarly positive outcome, the self-assessment of the statutory board and its components, in compliance with the guidelines of BANK OF ITALY and the BANCA SELLA Group, making considerations and acknowledging the certifications necessary to deem there to be present the independence requirements of each auditor;
- reported - by adhering to the instructions of the corporate governance of the group - with special quarterly reports to the Board, on the supervisory activity carried out and the resulting outcomes.

We have not identified other aspects that we now think to be significant and worthy of mention, in any case referring to the already begun inspection of the BANK OF ITALY – focused on the analysis of the quality of the loan portfolio of the group and the functionality of its credit processes - indicated by administrators.

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As approved by the shareholders on May 10, 2014, the supervisory board will carry out, from next July 1, the function of a supervisory body under the Legislative Decree no. 231/01.

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Financial statements and consolidated financial statements 2014

The process of formation of the regular financial statements and consolidated financial statements have been carried out properly and promptly, in accordance with the provisions of law; in fact, on March 31, 2015 the Board approved the draft financial statements and the management report, to be submitted to the ordinary assembly.

At the same time it formalized the consolidated financial statements with the corresponding report.

We considered the structure and approach of the draft financial statements and consolidated financial statements, the respective management reports and the notes, which recall the equity, financial and economic consequences.

The documents also represent intercompany transactions and transactions with related parties, referring to how they were put in place in accordance with their purpose, in compliance with the law.

DELOITTE & TOUCHE, mandated to carry out the legal audit, anticipated to us, also for the consolidated financial statements, the favorable outcomes of the activities conducted and the resulting professional judgments being formalized, without exception, or requests for additional information.

It has also anticipated the contents of the report on key issues.

Based on our activities described on the layout and structure of the financial statements and the positive conclusions advanced by the auditing company, we believe that it can be approved, together with the proposed allocation of the result, formulated in compliance with the indications of the Supervisory Authority.

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The other items on the agenda of the ordinary assembly appear to us to comply with the law and, therefore, we have no comments.

April 14, 2015

The board of auditors

Mario Pia Daniele Frè Paolo Piccatti

Consolidated Financial Statements

at 31 December 2014

Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET ASSETS *(in thousands of euro)*

Asset items	12/31/2014	12/31/2013	% change
10. Cash and cash equivalents	131,022	130,622	0.31%
20. Financial assets held for trading	393,081	493,797	-20.40%
30. Financial assets at fair value	633,680	664,079	-4.58%
40. Financial assets available for sale	2,828,349	1,322,954	113.79%
50. Financial assets held to maturity	-	1,213,269	-100.00%
60. Due from banks	1,209,916	338,357	257.59%
70. Loans to customers	8,061,432	8,315,535	-3.06%
80. Hedging derivatives	14,749	16,937	-12.92%
90. Fair value of financial assets subject to generic hedging (+/-)	150,588	110,873	35.82%
100. Investments	15,599	13,358	16.78%
110. Insurance reserves attributable to reinsurers	3,633	3,633	0.00%
120. Tangible assets	207,448	201,392	3.01%
130. Intangible assets	81,115	73,294	10.67%
of which:			
- Goodwill	38,899	39,947	-2.62%
140. Tax Assets	309,861	281,104	10.23%
a) current	101,007	117,521	-14.05%
b) deferred	208,854	163,583	27.67%
pursuant to Law 214/2011	168,944	138,230	22.22%
160. Other activities	217,317	181,294	19.87%
Total assets	**14,257,790**	**13,360,498**	**6.72%**

CONSOLIDATED BALANCE SHEET LIABILITIES *(in thousands of euros)*

Liabilities and shareholders' equity	12/31/2014	12/31/2013	% change
10. Due to banks	1,178,339	1,226,522	-3.93%
20. Loans to customers	8,766,142	8,152,130	7.53%
30. Outstanding securities	1,367,778	1,207,557	13.27%
40. Trading liabilities	95,495	163,365	-41.55%
50. Financial liabilities at fair value	596,772	605,169	-1.39%
60. Hedging derivatives	154,020	114,608	34.39%
80. Tax liabilities	123,348	94,340	30.75%
a) current	88,780	77,320	14.82%
b) deferred	34,568	17,020	103.11%
100. Other liabilities	304,149	301,910	0.74%
110. Provision for severance indemnities	44,014	37,818	16.38%
120. Provisions for risks and charges:	45,909	40,537	13.25%
a) pensions and similar obligations	-	-	0.00%
b) other provisions	45,909	40,537	13.25%
130. Technical provisions	714,648	621,536	14.98%
140. Valuation reserves	18,382	11,291	62.79%
170. Reserves	472,550	441,710	6.98%
180. Share premium	105,551	105,551	0.00%
190. Capital	107,014	107,014	0.00%
210. Minority interests (+/-)	93,204	94,548	-1.42%
220. Profit (loss) for the period (+/-)	70,475	34,892	101.99%
Total liabilities and shareholders' equity	**14,257,790**	**13,360,498**	**6.72%**

Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT *(in thousands of euros)*

Items	12/31/2014	12/31/2013	% change
10. Interest and similar income	427,604	464,080	-7.86%
20. Interest payable and similar charges	(122,811)	(155,460)	-21.00%
30. Net interest income	**304,793**	**308,620**	**-1.24%**
40. Fee and commission income	322,706	317,792	1.55%
50. Commission expense	(105,639)	(98,837)	6.88%
60. Net commissions	**217,067**	**218,955**	**-0.86%**
70. Dividends and similar income	1,979	1,210	63.55%
80. Net income from trading	27,208	23,624	15.17%
90. Net income from hedging	706	555	27.21%
100. Gains (losses) from sale or repurchase of:	118,655	5,378	2106.30%
a) loans	(2,049)	(2,676)	-23.43%
b) financial assets available for sale	24,258	9,569	153.53%
c) financial assets held to maturity	98,397	-	0.00%
d) financial liabilities	(1,951)	(1,515)	28.86%
110. Net financial assets and liabilities measured at fair value	1,444	4,630	-68.81%
120. Operating income	**671,852**	**562,972**	**19.34%**
130. Net losses / recoveries on impairment of:	(185,991)	(140,812)	32.09%
a) loans	(180,676)	(138,190)	30.74%
b) financial assets available for sale	(4,259)	(262)	1531.80%
c) financial assets held to maturity	-	-	0.00%
d) other financial transactions	(1,056)	(2,360)	-55.25%
140. Net income from financial	**485,861**	**422,160**	**15.09%**
150. Net premiums	326,966	184,060	77.64%
160. Other income / expenses from insurance operations	(336,566)	(200,914)	67.52%
170. Net income from financial and insurance activities	**476,261**	**405,306**	**17.51%**
180. Administrative expenses:	(399,990)	(383,639)	4.26%
a) staff costs	(225,325)	(219,830)	2.50%
b) other administrative expenses	(174,665)	(163,809)	6.63%
190. Net provisions for risks and charges	(9,375)	(4,175)	124.50%
200. Impairment / write-backs on tangible assets	(15,720)	(15,852)	-0.83%
210. Impairment / write-backs on intangible assets	(13,443)	(13,752)	-2.25%
220. Other expenses / income	75,021	82,635	-9.22%
230. Operating expenses	**(363,507)**	**(334,783)**	**8.58%**
240. Gains (losses) on investments	1,148	354	224.29%
260. Goodwill impairment	(1,048)	-	0.00%
270. Gains (losses) on disposal of investments	(11)	(53)	-79.63%
280. Profit (loss) from continuing operations before tax	**112,843**	**70,824**	**59.33%**
290. Taxes on income from continuing operations	(42,975)	(33,778)	27.23%
300. Profit (loss) from continuing operations, net of tax	**69,868**	**37,046**	**88.60%**
310. Profit (loss) on assets held for sale, net of tax	-	1,292	-100.00%
320. Profit (loss)	**69,868**	**38,338**	**82.25%**
330. Profit (loss) attributable to minority interests	(607)	3,446	-117.61%
340. Profit (loss) attributable to Parent Company	**70,475**	**34,892**	**101.99%**

Statement of consolidated comprehensive income

	Items *(in thousands of euros)*	12/31/2014	12/31/2013
10.	**Profit (loss) for the period**	**69,868**	**38,338**
	Other comprehensive income after taxes without transfer to income statement		
20.	Tangible assets	-	(99)
40.	Defined benefit plans	(5,151)	674
	Other comprehensive income after tax with reversal to income statement		
80.	Exchange rate differences	201	(1,435)
100.	Financial assets available for sale	12,240	8,424
120.	Share of valuation reserves of equity investments accounted for at equity	702	(26)
130.	**Total other comprehensive income after taxes**	**7,992**	**7,538**
140.	**Comprehensive income (item 10 + 130)**	**77,860**	**45,876**
150.	Consolidated comprehensive income attributable to minority interests	295	4,284
160.	**Consolidated comprehensive income attributable to Parent Company**	**77,565**	**41,592**

Statement of changes in shareholders' equity at December 31, 2013

Statement of changes in shareholders’ equity at December 31, 2013 *(in thousands of euros)*

	Balance at 12/31/2012	Change to opening balance	Balance at 01/01/2013	Allocation of previous year’s profit		Changes for the year									Shareholders’ equity at 12/31/2014 of the Group	Shareholders’ equity at 12/31/2014 of third parties
							Transactions in shareholders’ equity									
				Group reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Distribution of extraordinary dividends	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for the year ending 12/31/2013			
Capital:																
a) ordinary shares	145,378	-	145,378	-	-	(583)	2,026	-	-	-	-	-	-	**107,014**	**39,807**	
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	
Share premiums	132,258	-	132,258	-	-	1,294	15,476	-	-	-	-	-	-	**105,551**	**43,477**	
Reserves:																
a) of profits	435,795	-	435,795	18,281	-	(5,884)	-	-	-	-	-	-	-	**441,710**	**6,482**	
b) other	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	
Revaluation reserves	5,089	-	5,089	-	-	-	-	-	-	-	-	-	7,538	**11,291**	**1,336**	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	
Profit (Loss) for the year	22,704	-	22,704	(18,281)	(4,423)	-	-	-	-	-	-	-	38,338	**34,892**	**3,446**	
Shareholders’ equity of the Group	647,006	-	647,006	-	(2,968)	(2,674)	17,502	-	-	-	-	-	41,592	**700,458**		
Shareholders’ equity of third parties	94,218	-	94,218	-	(1,455)	(2,499)	-	-	-	-	-	-	4,284		**94,548**	

Statement of changes in shareholders' equity at December 31, 2014

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT DECEMBER 31,2014 *(in thousands of euros)*

				Allocation of previous year's profit		Changes for the year									
								Transactions in shareholders' equity							
	Balance at 12/31/2013	Change to opening balance	Balance at 01/01/2014	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Distribution of extraordinary dividends	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for the year ending 12/31/2014	Shareholders' equity at 12/31/2014 of the Group	Shareholders' equity at 12/31/2014 of third parties
Capital:															
a) ordinary shares	146,821	-	146,821	-	-	(66)	-	-	-	-	-	-	-	**107,014**	**39,741**
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Share premiums	149,028	-	149,028	-	-	(84)	-	-	-	-	-	-	-	**105,551**	**43,393**
Reserves															
a) of profits	448,192	-	448,192	33,484	-	(688)	-	-	-	-	-	-	-	**472,549**	**8,439**
b) other	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Revaluation reserves	12,627	-	12,627	-	-	1	-	-	-	-	-	-	7,992	**18,382**	**2,238**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Profit (Loss) for the year	38,338	-	38,338	(33,484)	(4,854)	-	-	-	-	-	-	-	69,868	**70,475**	**(607)**
Shareholders' equity of the Group	700,458	-	700,458		(3,537)	(515)	-	-	-	-	-	-	77,565	**773,971**	
Shareholders' equity of third parties	94,548	-	94,548		(1,317)	(322)	-	-	-	-	-	-	295		**93,204**

Consolidated cash flow statement - direct method

(In thousands of euros)

A. OPERATING ACTIVITIES	12/31/2014	12/31/2013
1. Management	**137,625**	**178,858**
Interest income (+)	419,914	466,970
Interest paid (-)	(122,811)	(155,460)
Dividends and similar income	1,979	1,210
Net commissions (+/-)	217,067	218,955
Staff costs	(224,354)	(219,496)
Net premiums received (+)	326,966	184,060
Other insurance income / charges (+/-)	(336,566)	(200,914)
Other costs (-)	(174,665)	(163,809)
Other income (+)	73,070	81,120
Taxes and fees (-)	(42,975)	(33,778)
2. Cash flow from (used in) from financing activities	**(1,708,169)**	**(22,496)**
Financial assets held for trading	127,924	(131,649)
Financial assets at fair value	31,843	31,266
Financial assets available for sale	(975,007)	(192,517)
Loans to customers	31,664	214,598
Loans to banks	(871,559)	1,798
Other activities	(53,034)	54,008
3. Cash generated (absorbed) by financial liabilities	**792,925**	**150,318**
Due to banks	(48,183)	426,188
Loans to customers	614,012	133,994
Outstanding securities	160,221	(246,606)
Trading financial liabilities	(67,870)	65,879
Financial liabilities at fair value	(8,397)	26,938
Other liabilities	143,142	(256,075)
Net cash (absorbed) by operating activities	**(777,619)**	**306,680**

B. INVESTMENT ACTIVITIES	12/31/2014	12/31/2013
1. Cash flow from:	**828,326**	**9,300**
Sales of investments	-	2
Dividends from equity investments	10	-
Sales / redemption of financial assets held to maturity	827,364	5,280
Sales of property and equipment	710	203
Sales of intangible assets	242	3,815
Sales of subsidiaries and of business units	-	-
2. Cash (absorbed) by:	**(45,452)**	**(340,952)**
Purchases of investments	(401)	-
Purchases of financial assets held to maturity	-	(312,280)
Purchases of property and equipment	(22,497)	(12,337)
Purchases of intangible assets	(22,554)	(16,335)
Acquisition of subsidiaries and business units	-	-
Net cash (absorbed) by investing activities	**782,874**	**(331,652)**

C. FUNDING ACTIVITIES	12/31/2014	12/31/2013
Issue / purchase of own shares	-	17,502
Issue / purchase of capital instruments	-	-
Distribution of dividends and other	(4,854)	(4,423)
Net cash (absorbed) by funding activities	**(4,854)**	**13,079**
NET LIQUIDITY GENERATED (ABSORBED) FOR THE PERIOD	**401**	**(11,893)**

RECONCILIATION	12/31/2014	12/31/2013
Cash and cash equivalents at beginning of period	**130,622**	**142,515**
Total net cash generated from (absorbed) in the period	400	(11,893)
Cash and cash equivalents at end of period	**131,022**	**130,622**

Notes to the Consolidated Financial Statements

Part A - Accounting Policies

A.1 - General

Section 1 - Statement of compliance with international accounting standards

These consolidated financial statements have been prepared according to IAS / IFRS (including all interpretations of SIC and IFRIC) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union until 31 December 2014, as established by Community Regulation n. 1606 of 19 July 2002. With regard to the schemes and the notes, the financial statements are prepared in accordance with what has been established by the Bank of Italy, in the exercise of powers provided for by art. 9 of Legislative Decree n. 38/2005, with the Order dated 22 December 2014 which was issued on the third update to the circular n. 262/05.

In order to better guide the interpretation of international accounting standards reference was made also to the documents prepared by the OIC and the ABI.

The consolidated financial statements, therefore, have been clearly stated and reflects a true and fair view of the economic and financial situation of the companies belonging to Gruppo Banca Sella.

Section 2 - Basis of preparation

The consolidated financial statements comprise the Balance Sheet, the Income Statement, the Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement and these notes, and are accompanied by the Directors' Report on operations, in total continuity with respect 31 December 2013; the notes are presented in thousands of euro.

The consolidated financial statements have been prepared clearly and give a true and fair view of the assets, financial position and results of operations.

The preparation takes place in accordance with the general principles of IAS 1 and in compliance with the assumptions set out in the Framework.

The Notes contain the information needed in order to give a true and fair view, integrating the information required by international accounting standards and the provisions contained in the Order dated 22 December 2014 which was issued on the third update to the circular n. 262/05.

If, in exceptional cases, the application of a provision under the international accounting standards is incompatible with the true and fair view of the assets, liabilities, financial position and results of operations, it is not applied. In the Notes are explained the reasons for any derogation and its influence on the representation of the equity, financial position and results of operations.

The financial statements were prepared according to the same principles and accounting policies used in the previous year.

IFRS accounting standards, amendments and interpretations effective from 1 January 2014

For the following standards, amendments and interpretations of IFRS, with effect from 1 January 2014 the Group has verified the applicability:

- **IFRS 10 - *Consolidated Financial Statements*** which replaces IAS 27 - *Consolidated and separate,* for the part relating to the consolidated financial statements, and SIC-12 *Consolidation - Special Purpose Vehicle.* The previous IAS 27 has been renamed *Separate Financial Statements* and will regulate only the accounting treatment of investments in separate financial statements. The main changes established by the new standard for the consolidated financial statements are as follows:
    - o IFRS 10 establishes a single principle basis for consolidating all types of entity, and this principle is based on control. This change removes the perceived inconsistency between the previous IAS 27 (based on control) and SIC 12 (based on the transfer of risks and benefits);
    - o there has been introduced a more solid definition of control than in the past, based on the simultaneous presence of the following three elements: (a) power over the company acquired; (B) exposure, or rights, to variable returns from involvement with the same; (C) ability to use the power to influence the amount of these variable returns;

- IFRS 10 requires an investor to assess whether it has control on the acquired company, focuses on the activities that affect in a significant way the yields the same (the concept of a relevant activity);
- IFRS 10 requires that, in assessing the existence of control, one must consider only substantive laws, ie those that can be exercised in practice when important decisions must be taken on the acquired company;
- IFRS 10 provides practical guidelines to assist in the evaluation of the existence of control in complex situations, such as de facto control, potential voting rights, structured entities, situations where one must determine whether the person who has the power of decision is acting as agent or principal, etc.

In general terms, the application of IFRS 10 requires a significant degree of judgment on a number of implementation issues.

The standard is applicable retrospectively from 1 January 2014. The adoption of this new standard had no impact on the consolidation of the Group.

- **IFRS 11 - *Arrangements,*** which replaces IAS 31 - *Interests in Joint Ventures* and SIC-13 - *Jointly controlled entities* - *Contributions in kind by venturers.* The new standard, subject to the criteria for the identification of the presence of joint control, provides the criteria for the accounting of joint arrangements by focusing on the rights and obligations arising from such agreements rather than on the legal form, distinguishing such agreements as *joint ventures* and *joint operations.* According to IFRS 11, unlike the previous IAS 31, the existence of a separate vehicle is not sufficient to classify a joint arrangement as a *joint venture.* For *joint ventures,* where the parties have rights only to the net assets of the agreement, the principle requires a single method of accounting in the consolidated financial statements using the equity method. For the *joint operation,* where the parties have rights to the assets and obligations for the liabilities of the agreement, the standard requires the direct entry in the consolidated financial statements (and in the separate financial statements) of the pro-rata of the activities, the liabilities, the costs and revenues from the *joint operation.*
  In general terms, the application of IFRS 11 requires a significant degree of judgment in certain areas of the company with regard to the distinction between *the joint venture* and *joint operation.*
  The new standard is applicable retrospectively from 1 January 2014.
  Following the issuance of the new IFRS 11, IAS 28 - *Investments in associates* it was amended to include in its scope, from the effective date of the standard, also investments in joint ventures. The adoption of this new standard had no impact on the consolidation of the Group.

- **IFRS 12 - *Disclosure of Interests in Other Entities,*** a new and comprehensive standard on disclosure requirements in the consolidated financial statements for all types of investments, including those in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated vehicle companies. The standard is applicable retrospectively from 1 January 2014. The adoption of this new standard resulted in the need to enrich the information already included in the notes to the consolidated financial statements of the Group as provided by 3rd update Circ.262 / 05 Banca d'Italia.

- Amendmentsto **IAS 32 *"Offsetting Financial assets and financial liabilities",*** aimed to clarify the application of the criteria needed to compensate for financial assets and liabilities (ie the entity currently has a legal right to offset the recognized amounts and intends either to settle on a net basis, or to realize the assets and simultaneously pay off the liabilities. The amendments apply retrospectively from 1 January 2014. The adoption of these amendments had no impact on the consolidated financial statements.

- Amendments **to IFRS 10, IFRS 12 and IAS 27 *"Investment Entity"*** which, for the investment companies, introduce an exception to the consolidation of subsidiaries, except in cases in which these subsidiaries provide accessory services to the investment activities carried out by an investment company. Pursuant to those amendments, the investment company should consider their investment in subsidiaryies at *fair value.* The following criteria have been introduced for the qualification as an investment company and, therefore, to have access to this exception:
  - obtain funds from one or more investors in order to provide their services to the investment management;

- commitment towards its investors to pursue the aim to invest funds only to get returns from capital appreciation, from the proceeds of investment, or both; and
- measure and evaluate the performance of substantially all investments at fair value.

These amendments apply, with the principles of reference, from 1 January 2014. The adoption of these amendments had no impact on the consolidated financial statements.

- Amendments to **IAS 36** ***"Impairment of assets - Disclosures on the recoverable amount of a non-financial activities*** **".** The changes are intended to clarify that the additional information to be provided about the recoverable amount of the assets (including goodwill) or a cash generating unit subject to impairment testing, if the recoverable amount is based on *fair value* net of disposal costs, only concerns the activities or the cash-generating units to which have been recognized or reversed a loss in value, during the year. In this case the idea will be to provide adequate information on a hierarchy of fair value level which covers the fair value and the valuation techniques and assumptions used (in the case of level 2 or 3). The amendments are effective retrospectively from 1 January 2014. The adoption of these amendments had no impact on the disclosure of the Group's consolidated financial statements.

- Amendments to **IAS 39** ***"Financial Instruments: Recognition and Measurement - Novation of derivatives and continuation of hedge accounting".*** The amendments concern the introduction of certain exemptions from the requirements of *hedge accounting* under IAS 39 in the circumstance in which an existing derivative should be replaced with a new derivative in a specific case where this substitution is against a CCP (Central Counterparty) following the introduction of a new law or regulation. The amendments are effective retrospectively from 1 January 2014. The adoption of these amendments had no impact on the consolidated financial statements.

Section 3 - Scope and methods of consolidation

The consolidated financial statements are the financial statements of the group presented as those of the financial statements of a single economic entity. This includes the financial and operating results of the parent company and its direct and indirect subsidiaries.

For the preparation of the Consolidated Financial Statements there have been used the draft financial statements, with reference to the year 2014, of the Parent Company and other fully consolidated Group companies. The latter, if necessary, are reclassified and adjusted to meet the need for representation in the banking financial statements and the need for uniform application of IAS / IFRS accounting standards.

The balance sheet and economic position of the consolidated companies whose reporting currency is other than the euro are converted on the basis of the following rules:

- the assets and liabilities are translated at the closing exchange rate at year-end;
- the revenues and costs of the income statement are translated at average exchange rates of the year;

all exchange differences arising on translation are recognized in a specific and separate reserve under equity. Said reserves are eliminated by charging / crediting to the income statement at the time of any sale of the investment.

Under IFRS 10, the Parent Company Banca Sella Holding consolidates the company in accordance with the principle of control as defined by the aforementioned IFRS.

In particular the control of the parent company is caused by the realization of the following three conditions simultaneously (IFRS 7 paragraph 10):

(a) the exercise of power over the object of investment;

(b) the possession of rights or exposure to variable returns resulting from the relationship with the amount being invested in; and

(c) the ability to exercise its power over the investee to affect the amount being invested in its returns.

For the purposes of the exercise of its power it should be considered when valid rights are held (such as voting rights, potential voting rights or one or more contractual agreements) that give the current ability to direct the relevant activities, ie activities affecting significantly on the investment returns of the entity involved.

There is entitlement or exposure to variable returns when yields resulting from the relationship with the entities subject to investment are likely to vary in relation to the economic trend of the same.

There is the ability to exercise one's power to affect the yield when there is the practical ability to conduct relevant activities unilaterally. To this end, there are considered a number of factors including the following that, when considered together with their rights, can attest that these rights are sufficient to confer power over the investee:

(a) the possibility, without having the contractual right to appoint or approve key executives of the subsidiary that have the ability to conduct relevant activities;

(b) the opportunity, without being entitled by contract, to instruct the subsidiary to undertake significant transactions for the benefit of the parent company, or prohibit any changes;

(c) the ability to direct the process of selection of members of the governing body of the company or obtaining proxies from other holders of voting rights;

(d) personnel with strategic responsibilities of the company is made up of related parties of the parent company (for example, the CEO of the subsidiary and the CEO of the parent company are the same person);

(e) the governing body of the investee is mainly composed of related parties of the Parent Company.

1. Shareholdings in total subsidiaries

1. Investements in total subsidiaries

	Name of company	Office	Type of relationship	Investment Relationship participant	Investment Relationship % share	% Voting rights
A.	**Businesses**					
A.1	**Fully consolidated**					
1	BANCA SELLA HOLDING S.p.A.	Biella	1			
2	BANCA SELLA S.p.A.	Biella	1	A.1 1	92.439%	-
3	BANCA PATRIMONI SELLA & C. S.p.A.	Turin	1	A.1 1	74.380%	75.000%
4	MIRET S.A.	Luxembourg	1	A.1 17	76.333%	-
				A.1 1	23.667%	-
5	BIELLA LEASING S.p.A.	Biella	1	A.1 1	99.860%	-
6	CONSEL S.p.A.	Turin	1	A.1 1	67.432%	-
7	SELLA GESTIONI SGR S.p.A.	Milan	1	A.1 1	95.168%	-
				A.1 3	0.898%	-
8	SELLA CAPITAL MANAGEMENT SGR S.p.A. *in liquidazione*	Milano	1	A.1 1	97.008%	-
				A.1 3	2.500%	-
9	EASY NOLO S.p.A.	Biella	1	A.1 1	89.790%	-
10	SELFID S.p.A.	Biella	1	A.1 1	92.500%	-
11	C.B.A. VITA S.p.A.	Milan	1	A.1 1	84.954%	-
				A.1 2	3.436%	-
				A.1 7	8.175%	-
12	SELLA LIFE Ltd.	Irland	1	A.1 11	100.000%	-
13	BROSEL S.p.A.	Biella	1	A.1 1	96.500%	-
14	SELIR S.r.l.	Romania	1	A.1 17	99.902%	-
15	SELLA SYNERGY INDIA P.Ltd.	India	1	A.1 17	99.999%	-
16	IMMOBILIARE SELLA S.p.A.	Biella	1	A.1 1	100.000%	-
17	FINANZIARIA 2010 S.p.A.	Milan	1	A.1 1	100.000%	-
18	IMMOBILIARE LANIFICIO MAURIZIO SELLA S.p.A.	Biella	1	A.1 1	100.000%	-
19	FAMILY ADVISORY SIM S.p.A.- SELLA & PARTNERS	Turin	1	A.1 3	85.000%	66.667%
20	MARS 2600 S.r.l.[(1)]	Treviso	4	A.1 1	10.000%	-
21	MONVISO 2013 S.r.l.[(1)]	Milan	4	A.1.6	0.000%	-
22	MONVISO 2014 S.r.l.[(1)]	Milan	4	A.1.6	0.000%	-
23	SELVIMM DUE S.A.	Lugano	1	A.1 1	90.000%	-

[(1)] The companies are the vehicles of the securitization operations of the Group.

Legend

Type of relationship:

1 = majority of voting rights in the ordinary assembly

4 = other forms of control

As allowed by the 3rd update Circ.262/05 the percentage of availability of the votes has been reported only in cases where it deviates from the participation share.

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

Subsidiaries are companies in which, directly or indirectly, another company holds more than half of the voting rights unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control, or when, having a less than half the share of the voting rights, there occur the conditions provided for in paragraph 7 of IFRS 10 as explained above in the section Scope and method of consolidation.

Subsidiaries are consolidated using the integral method. The consolidation involves the "line by line" acquisition of the contents of the balance sheet and income statement of the subsidiaries. After allocating to third parties, reconciled as an individual item, shares belonging to them of equity and net profit, the value of the investment is eliminated against the residual value of the assets of the subsidiary. Any difference resulting from this, if positive, is recorded at the date of first consolidation - after any allocation to the assets or liabilities of the subsidiary - as goodwill under item 130 "Intangible assets" section of the consolidated Balance Sheet Assets. The assets, liabilities, income and expenses between consolidated companies are eliminated.

The results of subsidiaries acquired during the year are included in the consolidated financial statements from the date of its acquisition. By contrast, the results of a subsidiary sold are included in the consolidated financial statements until the date that control ceases. The difference between the sale price and the book value at the date of disposal (including any exchange differences recognized period by period in equity upon consolidation) is recognized in item 270 "Gains (losses) on disposal of investments" in the consolidated income statement, except when the subsidiary has already been detected in item 150 "Non-current assets and groups of assets being disposed" of section 15 of the assets. In this case, the difference is recognized in item 310 "Profit (loss) on assets held for sale net of taxes" in the Consolidated Income Statement.

Associates are defined as those on which a company has significant influence (so-called set of "associated companies"), or over which it exercises the power to participate in determining financial and operating policies without having control or joint control and that is neither a subsidiary nor a jointly controlled entity.

This type of company is valued using the equity method.

Significant influence is presumed when the investor holds, directly or indirectly, a percentage of the voting rights of at least 20%. Conversely, if the investor holds, directly or indirectly, an interest of less than 20%, it is assumed that the investor does not have significant influence, unless such influence can be clearly demonstrated by the occurrence of one or more of the following circumstances:

- representation on the board of directors or in the equivalent body of the investee;
- participation in decision making, including participation in decisions about the dividend or other distribution of profits;
- material transactions between the investor and the investee;
- the interchange of managerial personnel;
- the provision of essential technical information.

The equity method involves initially recognizing the investment at cost and its subsequent adjustment on the basis of the share of the net equity of the subsidiary. The differences between the value of the investment and the shareholders' equity is treated similarly to consolidation differences.

In computing the share capital no potential voting rights are considered. The pro rata share of net income of the investee is recognized as a separate item 240 "Gains (losses) on investments" in the Consolidated Income Statement.

Any distribution of dividends is recognized in the carrying amount of the investment.

The pro quota of the change in valuation reserves of the subsidiary is recognized in item 140 "Revaluation reserves" section of Liabilities in the Consolidated Balance Sheet.

3. Shareholdings in fully consolidated companies with significant minority interests

3.1 Minority interest, Voting rights of third parties and dividends paid to third parties

Name of company	% Minority interest	% Voting rights of third parties	Dividends paid to third parties
CONSEL S.p.A.	32.5682%	32.5682%	181
BANCA PATRIMONI SELLA & C. S.p.A.	25.6204%	25.6204%	657

3.2 Investments with significant minority interest s: accounting information

part.1

Name of company	Total assets	Cash and cash equivalents	Financial assets	Tangible and intangible assets	Financial liabilities	Equity	Net interest income
CONSEL S.p.A.	1,082,209	-	1,007,458	6,886	989,879	72,354	40,191
BANCA PATRIMONI SELLA & C. S.p.A.	913,745	382	836,690	25,985	797,157	71,629	9,372

3.2 Investments with significant minority interest : accounting information

part.2

Name of company	Net banking income	Operating costs	Profit (loss) from continuing operations before tax	Profit (loss) from ordinary activities after tax	Profit (loss) for the year (1)	Other comprehensive income, net of tax (2)	Comprehensive income (3) = (1) + (2)
CONSEL S.p.A.	53,911	28,085	-41,428	-27,670	-27,670	- 184	-27,854
BANCA PATRIMONI SELLA & C. S.p.A.	58,029	37,009	20,679	12,951	12,951	3,120	16,071

4. Significant restrictions

At 31 December 2014 there do not exist within the Group, significant restrictions as set out in paragraph 13 of IFRS12.

5. Other information

It should be noted that the company Brosel SpA, part of Gruppo Banca Sella, ended the year on November 30, 2014, as the activity of the subsidiary is characterized by a strong seasonality, and therefore it is believed that the end of the year in this period better represents the patrimonial, economic and financial situation of the same.

Section 4 - Events subsequent to the balance sheet

After the date of the balance sheet, there were no events of major importance in addition to what has already been reported dealing with specific topics.

Section 5 - Other Matters

The consolidated financial statements were audited by Deloitte & Touche SpA, in execution of the Resolution of the Assembly.

A.2 - The Main balance sheet items

1 - Financial assets held for trading

Classification criteria

There are classified in this category only debt securities and equities and the positive value of derivatives held for trading purposes. Derivative contracts include those embedded in complex financial instruments that have been separately recognized because:

- their economic characteristics and risks are not closely related to those of the host contract;
- the embedded instruments, even if separate, meet the definition of derivative;
- the hybrid instrument is not measured at fair value with changes recognized in the income statement.

In rare circumstances and which are unlikely to recur in the near term there may be reclassified debt securities and equities not held for trading into other categories established by IAS 39 if the conditions for recognition subsist (Financial assets held to maturity, Financial assets available for sale, Loans). The transfer value is the fair value at the time of the reclassification. Upon reclassification tests are carried out tests on the possible presence of any embedded derivative contracts to be separated. For further details please refer to section A.3 of this section.

Recognition criteria

Initial recognition of financial assets occurs at settlement date for debt securities and equity securities, and the subscription date for derivative contracts.

On initial recognition, financial assets held for trading are measured at cost, being the fair value of the instrument. Any derivatives embedded in contracts that are not closely correlated to the latter and with the characteristics to meet the definition of derivative are recorded separately from the host contract and valued at fair value, while the host contract is applied the accounting criteria of reference.

Evaluation criteria

After initial recognition, financial assets held for trading are measured at fair value.

What determines the fair value of financial instruments traded on an active market is the market price (bid price). In the absence of an active market, there are used estimation methods and valuation models that take into account all risk factors related to the instruments and that are based on market data such as methods based on the valuation of listed instruments with similar characteristics, calculations of discounted cash flows, models for determining option prices and values recorded in recent comparable transactions.

Equity securities and related derivatives, for which it is not possible to determine fair value reliably in accordance with the above guidelines, are maintained at cost.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the assets or when the financial assets are sold transferring substantially all the risks / benefits associated with it.

If a financial asset is no longer held for the purpose of selling or repurchasing in short, this financial asset may be reclassified out of the fair value recognized in the statement of comprehensive income only if they meet the following requirements:

- in rare circumstances;
- if there is the intention and ability to hold the financial assets in the foreseeable future or until maturity.

2 – Financial assets available for sale

Classification criteria

Included in this category are non-derivative financial assets not otherwise classified as loans, assets held for trading or assets held to maturity.

In particular, this category includes equity interests not held for trading and are not qualifiable as subsidiaries, associates and joint ventures.

Where allowed by the accounting standards, reclassifications are only permitted towards the category of Investments held to maturity, except in cases where one is in the presence of unusual events that are unlikely to recur in the near term. In such cases it is possible to reclassify debt securities in the categories, established by IAS 39, Financial assets held to maturity and receivables if the necessary conditions for registration subsist. The transfer value is the fair value at the time of the reclassification. For further details please refer to section A.3 of this section.

Recognition

Initial recognition of financial assets occurs at settlement date for debt securities and equities and at disbursement date in the case of other financial assets not classified as loans.

On initial recognition, assets are recorded at cost, being the fair value of the instrument, including costs or income directly attributable to the instrument. If recognition follows a reclassification of Assets held to maturity or the assets held for trading, the recognition value is the fair value upon transfer.

Evaluation criteria

After initial recognition, assets available for sale continue to be measured at fair value, with recognition in the income statement of the value corresponding to amortized cost, while gains or losses arising from changes in fair value are recorded in a specific equity reserve until the financial asset is derecognized or is detected impairment loss. On disposal, the cumulative gain or loss is recognized in the income statement.

To determine the fair value reliably, in case that are not listed on active markets, there are taken into account recent transactions corroborated by transactions that occurred subsequent to the closing date of the financial statements to confirm the values of fair value.

With reference to equities not qualifying as subsidiaries, associates and joint ventures, in the case of equity instruments that do not have a quoted market price in an active market and if no recent transactions are observable, being unable to determine the fair value reliably they are carried at cost and written down in are detected impairment losses.

According to IAS 39, paragraph 58, the company, at any date of the financial statements or interim financial statements, checks whether there is any objective evidence that a financial asset or group of financial assets have suffered an impairment loss.

In particular, for debt instruments there constitutes as evidence of impairment loss, the existence of information, qualitative and quantitative, indicative of financial difficulties which could prejudice the collection of the principal or interest as indicated by the provisions of IAS 39, paragraph 59.

For equity instruments there is also considered objective evidence of impairment a significant or prolonged decline in the fair value of the financial asset concerned to below its cost.

Specifically, the significance of the reduction in value (so-called "Severity ") must be assessed both in absolute terms in the sense of a negative performance of the title and in relative terms compared to the performance of the markets / sectors of membership of the company being analyzed; over 50% is considered a significant reduction in the fair value.

The persistence over time of the impairment (so-called "Durability") is measured by reference to the length of the time period during which these reductions have consistently and unequivocally maintained continuously for a period longer than 15 months.

The limits of severity, durability and relativity are intended as alternatives to each other: it is enough that one of the three criteria indicating impairment occur to the impairment of the investment.

It follows that, if the reduction in value compared to the carrying cost of an investment is greater or more prolonged than the limits of severity or durability or there occurs the non-existence of the elements of relativity, one proceeds to registered it the balance sheet as a loss.

The existence of objective evidence of impairment is carried out at each annual or half-year. If the reasons for impairment losses cease to exist following an event occurring after recognition, writebacks are recognized in the income statement in the case of debt securities, to shareholders' equity in the case of equities. The amount of the reversal cannot in any case exceed the amortized cost that the instrument would have had in the absence of previous adjustments.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or when the financial assets are sold transferring substantially all the risks / benefits related to them.

A financial asset classified as available for sale that, if it had not been designated as such, would have met the definition of loans and receivables, may be reclassified out of the category "available for sale" in the category "loans and receivables" if one has the intention and ability to possess it for the foreseeable future or until maturity.

3 – Financial assets at fair value

Classification criteria

The Group has classified under this item, which includes financial assets held for trading and, in the life business, investment for the benefit of policyholders who bear the risk and investments arising from pension fund management. The item also includes the positions in derivative contracts at year-end have a positive value.

Recognition

Initial recognition of financial assets occurs at settlement date, for debt securities and equity securities, and the subscription date for derivative contracts.

Evaluation criteria

On initial recognition, financial assets held for trading are measured at cost, being the fair value of the instrument. After initial recognition, financial assets held for trading are measured at fair value, with changes in value in the income statement.

To determine the fair value of financial instruments traded in an active market, market quotations are used. In the absence of an active market, they are used estimation methods and measurement models identified in the "Fair Value Policy" and detailed later. Equity securities and related derivatives, for which it is not possible to determine fair value reliably in accordance with the above guidelines, are maintained at cost.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the assets or when the financial assets are sold transferring substantially all the risks / benefits associated with it.

4 – Financial assets held to maturity

Classification criteria

There are classified in this category debt securities with fixed or determinable payments and fixed maturity, for which there is the intention and ability to hold to maturity. If as a result of a change in intention or ability, it is no longer appropriate to keep an investment as held to maturity, it is reclassified as available for sale.

Recognition

Initial recognition of financial assets occurs at settlement date. On initial recognition, financial assets classified under this category are recognized at cost, inclusive of any costs and revenues directly attributable. If inclusion in this category occurs following reclassification from "Assets available for sale", the fair value of the asset at the date of reclassification is taken as the new amortized cost.

Evaluation criteria

After initial recognition, financial assets held to maturity are measured at amortized cost using the effective interest rate method. Gains or losses relating to changes in the fair value of assets held to maturity are recognized in the income statement when the asset is derecognized. At the closing of the annual and interim reports, it is assessed for objective evidence of impairment. If such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the loss is recognized in the income statement. If the reasons for impairment are removed following an event occurring after the recognition of the reduction in value, the increase in value is recognized in the income statement.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or when the financial assets are sold transferring substantially all the risks / benefits associated with it.

5– Crediti

Classification criteria

Credits include loans to customers and banks, either granted directly or acquired from third parties, with fixed or determinable payments that are not quoted in an active market and are not originally classified as financial assets available for the sale. In Loans include commercial loans, repurchase agreements and securities purchased through subscription or private placement, with fixed or determinable payments, not quoted in active markets.

Recognition criteria

Initial recognition of a loan occurs at the disbursement date or, in the case of a debt security, on the settlement date, based on the fair value of the financial instrument. This is usually equal to the amount disbursed or the subscription price, including costs / income directly attributable to the individual loan and determinable from inception, even when settled at a later date. Costs are excluded that, even with the aforementioned characteristics, are reimbursed by the borrower or are classifiable as normal internal administrative costs. For loans subject to conditions different from those of the market the fair value is determined using appropriate valuation techniques; the difference from the amount disbursed or the subscription price is recognized directly in the income statement. Contango contracts and repurchase agreements with the obligation to repurchase or resale agreements are recorded as deposits or lending. In particular, the operations of spot sale and repurchase agreements are recorded as payables for the spot amount received, while securities purchased under agreements to resell are recognized as receivables for the amount paid.

Evaluation criteria

After initial recognition, receivables are measured at amortized cost, equal to the initial amount increased / decreased by principal repayments, adjustments / recoveries and amortization - calculated using the effective interest rate - the difference between the amount and the amount repayable at maturity, typically attributable to the costs / income directly attributable to the individual loan. The effective interest rate is determined by calculating the rate that equals the present value of future cash flows for principal and interest, upon the amount paid inclusive of costs / income attributable to the loan. This accounting method, using financial logic, allows distribution of the economic effect of costs / income over the expected remaining life of the credit. The amortized cost method is not used for loans whose short duration renders negligible the effect of the application of discounting. These loans are valued at historical cost and the costs / revenues are recognized in the income statement. The same approach is adopted for loans without a defined maturity or withdrawal.

Analytical evaluations

At each balance sheet date or interim report there is a recognition of loans to determine those that, following events occurring after initial recognition, show objective evidence of possible impairment.

Non-performing, substandard, restructured or past due loans, under the current rules of the Bank of Italy, consistent with IAS regulations, are subject to an individual assessment process with continuous updating of the occurrence of new elements that may determine the possible changes in the recoverability.

The amount of the value adjustment for each loan is equal to the difference between the carrying amount at the time of valuation (amortized cost) and the present value of expected future cash flows, discounted using the original effective interest rate. The cash flows are estimated taking into account the expected recovery times, the estimated realizable value of any collateral, and costs likely to be incurred to recover the credit exposure. Cash flows related to loans for which recovery is expected in the short term are not discounted. The original effective rate of each loan remains unchanged over time, unless a loan restructuring occurs that involves a change in the contractual rate and even if the loan becomes, in practice, non-interest bearing.

The evaluation parameters are related to the following classes of overdue loans (past due) or unrevoked substandard loans:

- writedowns on exposures exceeding 25,000 € - past due and / or overdue deteriorated. The feedback that give rise to an adjustment are analytical proposals from the Service Management Anomalous Loans Banca Sella to the Management or to the mechanisms / delegated corporate bodies. The assessment is made on the classification and then intervenes if new facts that may require a re-evaluation (for example: significant reduction of exposure, acquiring new guarantees, new adverse events, significant new performance anomalies, revocation a system of loans, registration of court mortgages / legal or initiating enforcement proceedings on real estate subject to our mortgage collateral); assessments to be applied are based on determining the real possibility a recovery performing of the report and, where such possibilities prove to be of doubtful realization, to assess the possible loss after taking recovery actions. The valuation adjustments must be made, in general, taking into account the debtor's equity, their capacity of income, their 'financial balance, the future prospects of a professional or business capacity, regularity of a Customer in the management of banking relationships, taking into account the guarantees that secure lines of credit granted;

- adjustments for exposure less than 25,000 € - past due and / or overdue deteriorated. Flat rate corrections are made on all amount to correct a percentage fixed and determined by the management of individual banks on the basis of statistics on the losses of the three previous years;
- substandard subjective ie exposures to customers, based on the information held by the Bank, are considered in a temporary difficulty that is expected to be completed within 12-18 months; in the master are indicated by the code INCS - Stranding Subjective;
- substandard loans whose objective situation of a temporary difficulty is governed by the regulations of the Bank of Italy; in the master records they are indicated with code INCO – Objective Impairment. The evaluation of doubtful debts for the determination of value adjustments is carried out analytically at the time of classification as substandard and subsequently intervene whenever new facts occur that may require a reassessment. Among the relevant facts are mentioned by way of example:
    - significant reduction of the exposure;
    - a change of ownership;
    - acquiring new guarantees;
    - new adverse events;
    - relevant new anomalous trends;
    - measures for revocation of credit;
    - registration of court mortgages / legal or initiating enforcement proceedings on real estate subject to our mortgage guarantee.

  The assessments to be applied to impaired loans are based on the determination of the real possibility of return to performing status and, when this possibility turns out to be of dubious achievement, to quantify the possible loss after taking recovery actions.

  For the purposes of internal management and evaluation, there are specified the criteria to be observed in the assessment of the adjustments.

The evaluation of the adjustments will be made in general taking into account the capital, the ability to generate income, the financial balance, the outlook for the sector, the managerial skills and entrepreneurship, the regularity in the management of banking relationships and morality customer and taking into account the guarantees securing the credit lines granted.

All positions are evaluated analytically when deciding classification as substandard and every time that the general terms of the progress of the relationship and / or acquisition of new guarantees necessitate an intervention of change.

The adjustments to be applied will be determined by the management of individual banks on a proposal of the Service Auditors loans.

It is allowed, although not mandatory, to apply value adjustments calculated at a flat rate in the cases below:

a. Positions with use within the 10,000 Euros: <u>flat rate calculated</u> as the weighted average of the adjustments made in the last three years on revoked positions with exposure of less than 10,000 euro in relation to the exposure that these positions had the previous year. The percentage is reviewed annually based on the most recent series by the end of February of each year;
b. Positions with use over 10 thousand euro <u>new entries</u> to objective impaired: average of last 3 years of the corrections applied on impaired positions with the not revoked impaired with uses exceeding 10,000 euro. Such a method will be applied only for the first month of admission to objective impaired. For the following month, the adjustment will be calculated on the basis of a new balance and the rate of correction defined by the Bank during the preceding month;
c. Positions with use over the 10,000 euro already in objective impaired in the past month: analytical assessment carried out by individual banks during the previous month. The rate of correction defined in the previous month is applied to new uses.

For positions in objective impaired with exposure of less than 10 000 euro and under certain reasons one can proceed to the individual assessment (for example, one can use analytical assessment practices entirely guaranteed by pledges or practices which are estimated a loss significantly higher than those calculated at a flat rate).

The evaluation of correction should be made by assessing the overall condition of the customer in terms of creditworthiness and taking into account the real possibility of restoring the customer relationship to performing status, having solved the performance anomalies that led to the classification of problem loans.

The evaluation parameters are related to the following classes of loans or impaired:

- Priveleged loans (collateralized);
- Unsecured loans to private individuals / companies owning properties (principal and / or guarantors);
- Unsecured loans to private individuals / companies who do not own property;
- Other receivables broken down by age amount.

The discounting of receivables in litigation is determined based on the expected recovery of the loans given the guarantees and the recovery actions to be launched.

The evaluation moments are:

- Valuation at the time of default with positioning as substandard;
- Valuation at the time of entry into non-performing loans;
- Assessment made during management of the claim that by way of example can be summarized as acquisition of new collateral / guarantees, formalization and verification of observance of repayment schedules, adverse events, status of enforcement proceedings and bankruptcy etc.

Following the process of review of the methodology, as described in the Management Report of the financial statements, some yardsticks have been updated applicable to loans. In particular, the following parameters have been updated:

- percentage rations of specific lump adjustments provided for past due balance with <€ 25,000, being applied throughout 2014;
- percentages ratios of specific lump adjustments for objective and subjective doubtful loans with balance <€ 10,000, being applied throughout 2014;
- valuation parameters of specific analytical adjustments required for revoked impaired loans and non-performing loans.

Specifically for the latter, the following aspects have been subject to review and update:

- Estimates of recovery due to the filing of the application for an arrangement for unsecured loans not secured by other collateral
- Estimates of recovery due to practices at the end of the recovery action or out of court, appear to need to be included in a possible transfer without recourse
- Average time of discounting for property enforcement procedures and bankruptcy procedures, divided into different geographical
- Average time of discounting of subsidiary consortium guarantees
- Estimated costs related to discounting such as negative cash flows to be expected for the property enforcement procedures

The updates of the evaluation parameters are backed by historical and statistical series made on the default loans portfolio of the bank.

As part of the review process parameters there were also confirmed the following parameters and evaluation moments, summarized below:

- Estimate of recovery due to initiation of bankruptcy for unsecured loans not secured by other collateral
- Estimate of recovery due to unsecured loans not secured by collateral or assets that can usefully be attacked at the time of entry into revoked impaired
- Estimated time for the actualization of collection from operations of sales without recourse of non-performing loans
- Estimated time for the actualization of enforcements of guarantees arising from consortia of first demand guarantee

- Valuation at the moment of default with transfer to substandard
- Valuation at the time of entry into non-performing loans
- Assessment made during management of the claim that by way of example can be summarized as acquisition of new collateral / guarantees, formalization and verification of observance of repayment schedules, adverse events, status of enforcement proceedings and bankruptcy etc.

Collective evaluations

Loans for which there is no objective evidence of impairment, that is, as a rule, performing loans are subject to collective valuation. Under International Accounting Standards (IAS / IFRS), the definition of general provisions on performing loans should follow a model based on incurred loss. The term incurred loss is defined as a loss for which the fact that it has occurred is clearly identified, although this has not yet been manifested (loss "sustained" but not "detected").

The collective assessment of performing loans takes place by dividing customers into homogeneous segments in terms of credit risk. The related loss percentages are estimated taking into account the probability of default (PD - Probability of Default) and the rate of loss given default (LGD - LossGiven Default), taking into account appropriate adjustments intended to convert the expected loss of Basel 2 in incurred loss. The determination of the probability of default and the recovery rate in the event of default occurs, for each bank in the Group, by using the same method on the basis of its customer portfolio. With specific reference to the PD variable, it is determined on the basis of internal rating models where available and in all other cases on the basis of historical data input to default.

With regard to LGD, the Banca Sella Group has set up a model for estimating the WorkoutLossGiven Default, based on internal data: the sample estimate was divided into subgroups with similar risk characteristics and the resulting LGD of each subgroup is adopted as an estimate of future values of the loss rate for all loans with the same characteristics.

The above method allows the estimation of the so-called "latent loss" for each loan category. The adjustments determined collectively are recognized in the income statement. At each closing date of the financial statements and interim financial statements any additional adjustments or write-backs are recalculated separately for the entire portfolio of performing loans.

Derecognition

Loans sold are derecognized from the balance sheet only if the sale involved the transfer of substantially all risks and rewards related to the loans. By contrast, when the risks and benefits have been maintained related to loans sold, they continue to be reported as assets in the balance sheet, even though legal title has been transferred. In case it is not possible to ascertain the substantial transfer of risks and rewards, the loans are derecognised where there is no longer any kind of control over it. Otherwise, storage, even in part, of such control is maintained on the balance sheet of credit in an amount equal to the residual involvement, measured by exposure to changes in the value of the receivables sold and variations in their cash flows. Finally, loans sold are derecognized in the event that there is preservation of the contractual rights to receive the related cash flows, with a simultaneous obligation to pay such flows, and only these, to other third parties.

6 – Operazioni di copertura

Classification criteria: the type of coverage

Assets and liabilities include hedging derivatives which at the date of the balance sheet respectively have a positive and negative fair value.

The hedging of risks are aimed at neutralizing potential losses on a specific financial instrument or a group of financial instruments, attributable to a specific risk, via profits of a different financial instrument or group of financial instruments in case that risk should actually occur.

IAS 39 provides the following types of hedges:

- hedging of fair value , which has the aim of hedging exposure to changes in fair value of an asset or liability attributable to a particular risk;
- cash flow hedges, which has the aim of hedging exposure to variability in future cash flows attributable to specific risks associated with balance sheet;
- hedges of net investments in foreign currency, which is to hedge the risks of an investment in a foreign company expressed in currency.

In the specific case, the Banca Sella Group has put in place only covers the fair value hedge type.

Recognition

In terms of consolidated financial statements, only instruments that involve a party external to the Group can be designated as hedging instruments. Any result associated with transactions between different entities of the Group is eliminated.

The derivative instrument is designated as a hedge if there is formal documentation of the relationship between the hedged item and the hedging instrument and if it is effective when hedging begins and, prospectively and retrospectively, throughout its life. The effectiveness of the hedge depends on the extent to which changes in the fair value of the hedged item or the related expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is appraised by comparing the aforementioned changes, considering the intent pursued by the company when the hedge was put in place.

It is effective (within a range of 80-125%) when the changes in fair value (or cash flows) of the hedging instrument almost entirely offset the changes in the hedged item, for the type of risk being coverage. The effectiveness is assessed every six months using:

- prospective tests, which justify the application of hedge accounting, as they demonstrate the expected effectiveness;
- retrospective tests, which show the degree of effectiveness achieved in the period covered. In other words, they measure how much actual results differ from the hedge.

If the tests do not confirm the effectiveness of the hedge accounting for hedging transactions, as described above, it is discontinued and the hedging derivative is reclassified as trading instruments.

Evaluation criteria

Hedging derivatives are measured at fair value, then, in the case of fair value hedging, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. This offsetting is recognized by recording in the income statement the changes in value of both the hedged item (as concerns the variations produced by the underlying risk factor) and the hedging instrument. Any difference, representing the partial ineffectiveness of the hedge, is therefore the net economic effect.

The measurement of the fair value of fixed rate mortgages covered requires financial consistency between hedged assets and the IRS entered into to hedge. At each measurement date of the fair value, there is then built the cumulative stock of IRS coverage and the cumulative stock of mortgages covered and it is first verified that there is a first correspondence between the amortization profile of the IRS and the amortization profile of loans covered.

One then proceeds with the calculation of the weighted average fixed rate of IRS coverage. This rate represents the average of market rates that were in place at the inception of the different IRS and thus reflects the interest that it was intended to cover the time of the mortgage coverage. In other words, this rate represents the share of interest actually covered by the IRS, distinguishing it from the interest portion of that plan that is not covered and which corresponds to the *spread* (expression more of customer risk than interest rate risk).

At this point it becomes reasonable to build, starting from the actual remaining amortization schedule of the principal of all the mortgage covered, the repayment schedule of loans to be used for the detection of the fair value. It will be composed of the flows of the principal of the loans (given by the difference between the residual debt of a period with respect to the residual debt of the previous period according to the contractual amortization plan) and the shares of interest obtained by applying to the remaining amount due for the period the weighted average rate of the IRS coverage (which is the share of interests covered).

The rate thus obtained can then be updated adopting the same yield curve used to calculate the fair value of the IRS hedging and demolished because of the actual percentage of coverage on the date of valuation (ratio between the "surfaces" - that is, the sums of residual principal for its daily remainder – of the amortization schedules of the residual notional amount of IRS divided by the remaining balance of the loans), so as to obtain the present value of mortgage covered. This value will be subtracted from the remaining credit (also multiplied by the hedging percentage) at the valuation date of the loans.

According to this method (present value of installments minus residual debt reduced by the percent of coverage) there is calculated the fair value at the end of the year T and the fair value at the end of year T-1.The difference between these two values will be the fair value delta of the loans to be compared with the fair value delta of the IRS.

The calculation of the fair value delta of the IRS is done according to the following methods:

- the fair value is calculated as the present value of future cash flows (Net Present Value - NPV): this method consists in discounting the estimated cash flows at a current rate of expression of the risk inherent to the evaluated instrument;
- for the IRS hedging loans that already existed at the end of a previous year, the fair value delta is the difference between the fair value at the end of the year and the fair value at the end of the previous year;
- the IRS hedging loans contracted during the year, the fair value delta is equal to the fair value of the IRS at year-end;
- There are calculated both the market value and the intrinsic value of all the IRS.

7 – Shareholdings

Classification criteria

The item includes investments in associates, which are accounted for using the equity method. Associates are non-subsidiary companies in which the Group exercises significant influence. It is assumed that the company exercises a significant influence in all cases in which it holds 20% or higher of the voting rights and, irrespective of the shareholding percentage, whenever it has the power to participate in business and financial decisions of the investee.

Recognition

Initial recognition of financial assets occurs at settlement date. On initial recognition, financial assets classified under this category are recognized at cost.

Evaluation criteria

If there is evidence that the value of an investment may be impaired, one proceeds to an estimate of the recoverable amount of the investment, taking into account the present value of future cash flows that the investment may generate, including the final disposal value of the investment. If the recoverable amount is less than book value, the difference is recognized in the income statement. If the reasons for impairment are removed following an event occurring after the recognition of the reduction in value, the increase in value is recognized in the income statement.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the assets or when the financial asset is sold and all the risks and benefits associated with it.

8 - Tangible assets

Classification criteria

Tangible assets include technical systems, furniture and furnishings, equipment of any type and properties (including land). These are tangible assets held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and which is expected to be used for more than one period. Leasehold improvements are included in these items are improvements and costs relating to fixed assets separately identified. Usually these investments are incurred to make suitable for the expected use the properties leased from third parties.

Improvements and additional expenses relating to property, plant and equipment identifiable and not separable are recognized in item 160 "Other assets".

Recognition

Property and equipment are initially recorded at cost, which includes, in addition to the purchase price, any costs directly attributable to the purchase and commissioning of the asset. The costs of maintenance resulting in an increase in future economic benefits, are recorded as an increase in the value of assets, while other ordinary maintenance costs are recognized in the income statement.

Evaluation criteria

Tangible assets, including investment property, are carried at cost, less depreciation and impairment losses. Fixed assets are amortized over their useful life, adopting as depreciation criterion the straight-line method, except for land, whether purchased separately or included in the value of buildings, since it has an indefinite life. In the event that the value is incorporated in the value of the building, by virtue of the component approach, they are considered separable from the building; the separation of the value of the land and the value of the building is based on appraisals by independent experts only for properties held "earth-to-sky."

At each reporting date, if there is any indication that an asset may have suffered a loss in value, a comparison is made between the book value of the asset and its recovery value, equal to the greater of the fair value, and the relative value of the asset, being the present value of future cash flows generated by the asset. Any adjustments are recognized in the income statement. If the reasons that led to the recognition of the loss, gives rise to a recovery of value, which may not exceed the value the asset would have had, net of depreciation is calculated in the absence of previous impairments.

Derecognition

Plant and equipment is eliminated from the balance sheet upon disposal or when the asset is no longer used and its disposal is not expected to provide future economic benefits.

9 – Intangible assets

Classification criteria

Intangible assets include goodwill and software applications of long-term use. Goodwill .represents the positive difference between the acquisition cost and the fair value of assets and liabilities acquired. Other intangible assets are recognized as such if they are identifiable and arise from legal or contractual rights.

Recognition

An intangible asset can be recognized as goodwill only when the positive difference between the fair value of the assets acquired and the cost of the acquisition (including related charges) represents the future earning capacity of the equity investment (goodwill). If the difference is negative (negative goodwill) or in the event that the goodwill is not justified by the ability to generate future earnings, the difference is recognized directly in the income statement.

Other intangible assets are stated at cost, including any accessory charges only if it is probable that future economic benefits attributable to the asset are realized and if the cost can be measured reliably. Otherwise the cost of the intangible asset is recognized in the income statement in the period in which it is incurred.

Evaluation criteria

As regards goodwill, whenever there is evidence of impairment and at least once a year after the preparation of the three-year plan, a check is made of the absence of impairment. To this end there is identified the cash-generating unit to which to which to attribute the goodwill. The amount of any impairment is determined on the basis of the difference between the value of goodwill and its recovery value, if lower. The recoverable amount is the higher between the fair value of the cash-generating unit, and its value in use. Value in use is the present value of future cash flows expected from the generating units to which goodwill has been attributed. The resulting adjustments are recognized in the income statement.

The cost of intangible assets is amortized on a straight-line basis over their useful lives. If the useful life is indefinite they are not amortized, but periodically tested for impairment of fixed assets. At each reporting date, if there is evidence of impairment, the Company estimates the asset's recoverable amount. The loss, recognized in the income statement, is equal to the difference between the book value and the recoverable amount.

Derecognition

An intangible asset is eliminated from the balance sheet upon disposal or when no future economic benefits are expected.

10 - Non-current assets and groups of assets held for sale and liabilities associated with assets held for sale

Classification criteria

These items are assets / non-current liabilities and groups of assets / liabilities held for sale.

In particular, paragraph 7 of IFRS 5 states that in order to be entered under this item, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such activities. In addition, the sale must be highly probable.

With regard to the latter, the next paragraph of IFRS 5 indicates that, because the sale is highly probable, the following conditions must occur:

- the Management at an adequate level should be committed to a program for the disposal of the activity and there must have been initiated activities to locate a buyer and complete the program;
- the asset must be actively marketed for sale at a reasonable price compared to their current fair value;
- the completion of the sale must be expected within one year from the date of classification, exceptions explicitly identified;
- the actions required to complete the plan should demonstrate the improbability that the program can be significantly changed or canceled.

Evaluation criteria

In particular, these assets / liabilities are measured at the lower of the carrying amount and their fair value net of selling costs. The related income and expenses are recognized in the income statement in a separate item, net of tax.

11 - Current and deferred taxes

These items include current and deferred tax assets and current and deferred tax liabilities.

Income taxes are recognized in the income statement except when it relates to items charged or credited directly to equity. The provision for income taxes is determined on the basis of a prudent forecast of the current, prepaid and deferred tax burden.

Deferred tax assets and liabilities are based on temporary differences, without time limits, between the carrying amounts and the tax values of the individual assets or liabilities.

The deferred tax assets are recognized if it is probable they will be recovered, in this regard the law n. 225 of 2010, Art. 2, paragraphs 55 to 56-bis, established the convertibility of tax credits of deferred tax assets recognized in the financial statements in respect of loan write-offs and start-ups, particularly in the event that the individual financial statements show a loss for the year. This convertibility introduced a recovery mode and additional notes, which is capable of ensuring the recovery of these types of deferred tax assets in any situation, regardless of the future profitability of the company. This convertibility would be configured thus, in any case, as sufficient basis for the registration and maintenance in the financial statements of these types of deferred tax assets.

The deferred tax liabilities are recorded in the financial statements, with the sole exceptions of assets recognized for an amount greater than the taxable value and reserves in tax suspension, for which it is reasonable to assume that they no transactions will be undertaken that involve taxation. Assets and liabilities for deferred tax assets and liabilities are systematically assessed to take into account any changes in regulations or tax rates.

12 - Provisions for risks and charges

Other provisions for risks and charges include provisions related to current obligations originating from a past event for which it is probable that there will be an outflow of economic resources for the fulfillment of the obligation, provided that this can be a reliable estimate of the amount .

Under the item "other provisions" there are listed the provisions for risks and charges established in observance of the provisions of international accounting standards, except for losses due to impairment of guarantees recognized under "other liabilities".

A provision is recorded under the provisions for risks and charges only when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is likely that one will need the use of resources embodying economic benefits to settle the obligation;
- the amount of the obligation can be estimated reliably.

The amount represents the best estimate of the amount required to settle the obligation; in this estimate considering the risks and uncertainties relating to the facts and circumstances at issue.

Where the timing difference in value of money is significant, the amount of the provision is the present value expected to be required to settle the obligation. There is used in this case a discount rate that reflects current market assessments of the time value of money. The particular the Banca Sella Group uses the "Zero curve" yield curve.

One proceeds, furthermore, to a periodic review of the adequacy of these amounts.

In case one acquires new, more or further information about the risk event, such as to lead to a revision of the estimates originally made, a decision is made to immediately adjust the related provision.

A provision is used only for the risk events for which it was originally made.

13 - Payables and outstanding securities

Classification criteria

The items "Due to banks", "Due to customers" and "Debt securities in issue" include various forms of interbank and customer funding and funding through certificates of deposit and outstanding bonds, net, therefore, of any repurchased amount.

Recognition

The initial recognition of these financial liabilities occurs upon receipt of the sums raised or issue of debt securities. It is initially measured at the fair value of liabilities, generally the consideration received or the issue price, plus any additional costs / income directly attributable to the individual funding transaction or issue and not reimbursed by the creditor. It excludes the costs of an administrative nature.

Evaluation criteria

After initial recognition, financial liabilities are measured at amortized cost with the effective interest rate method. Exceptions are short-term liabilities, where the time factor is negligible, which are stated at the amount collected and any costs attributed to the income statement. It should be noted, also, that funding instruments subject to an effective hedging relationship are measured on the basis of the rules laid down for hedging transactions.

For structured instruments, if they comply with the requirements of IAS 39, the embedded derivative is separated from the host contract and recognized at fair value as trading liabilities. In the latter case the host contract is recorded at amortized cost.

Derecognition

Financial liabilities are derecognised when they expire or are settled. Cancellation also occurs in case of repurchase of previously issued securities. The difference between the carrying amount of the liability and amount paid for repurchase is recorded in the income statement. The subsequent sale of own securities after their repurchase is considered a new issue with recognition at the new placement price, with no effect on the income statement.

14 - Trading liabilities

Classification criteria

Classified in this category are only the negative value of trading derivative contracts measured at fair value.

Included are also embedded derivatives that under IAS 39 have been separated from their host financial instruments, recognized separately as:

- their economic characteristics and risks are not closely related to those of the host contract;
- embedded instruments, even if separate, they meet the definition of derivative;
- the hybrid instrument is not recorded at fair value with changes recognized in the income statement.

Recognition

The initial recognition of financial liabilities occurs at the subscription date for derivative contracts.

On initial recognition, financial liabilities held for trading are measured at cost, being the fair value of the instrument. Any derivatives embedded in contracts that are not closely correlated to the latter and with the characteristics to meet the definition of derivative are recorded separately from the host contract and valued at fair value, while the host contract is applied the accounting criteria of reference.

Evaluation criteria

After initial recognition, financial liabilities held for trading are measured at fair value.

Gains and losses from changes in the fair value and / or from the sale of trading instruments are recognized in the income statement.

Derecognition

Financial liabilities are derecognised when they expire or are settled.

15 - Financial liabilities at fair value

Classification criteria

Subject to recognition, this item includes financial liabilities designated at fair value through profit or loss, based on the power granted to companies (so-called "fair value option") IAS 39, in compliance with the cases contemplated by the relevant regulations.

The Group exercised the option to designate financial liabilities at fair value relating to deposits and insurance contracts Unit-Index, which are measured at fair value of the assets.

This method of calculation as well as being based on the properties of information efficiency of financial markets, is the best approximation of the estimated future cash flows of the related policies. The effects arising from the initial recognition of these liabilities in the balance sheet at fair value are recognized in the income statement.

Recognition

The recognition of these liabilities occurs at the date of issue in an amount equal to their fair value, including the value of any embedded derivatives, net of placement fees paid.

Evaluation criteria

These liabilities are measured at fair value and the result of measurement in the income statement.

Derecognition

Financial liabilities at fair value are derecognized when the contractual rights on the related cash flows expire or when the financial liability is sold with the transfer of substantially all the risks and rewards of ownership of the same.

16 - Foreign currency transactions

Initial surveys

Transactions in foreign currencies are recorded, on initial recognition in the functional currency, by applying to the foreign currency exchange rate in effect on the transaction date.

Subsequent recognition

At each reporting date, the balance sheet items in foreign currencies are measured as follows:

- monetary items are translated at the exchange rate on the closing date;
- non-monetary items measured at historical cost are translated at the exchange rate at the date of the operation; to convert the items of income and expense there is often used an exchange rate that approximates the exchange rates at the dates of the transactions, such as an average rate for the period;
- non-monetary items measured at fair value are translated using the exchange rate at the date of closing.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates other than the initial translation, or the translation of previous financial statements are recognized in the income statement in the period in which they arise.

When a gain or loss on a non-monetary item are recognized in equity, any exchange component of that is also recognized in equity. Conversely, when a gain or loss is recognized in profit or loss there is recognized in the income statement, the relative exchange rate difference.

17 - Insurance Assets and Liabilities

IFRS 4 defines an insurance contract as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if the same suffers consequential to a specified uncertain future event (the insured event).

The insurance risk is defined as the risk, other than financial risk, that is transferred from the issuer of the insurance contract.

The financial risk is in turn defined as the risk of a possible future change in one or more of the following variables: specific interest rates, prices of securities, prices of goods, exchange rates, price indices or rates, credit rating or any other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Insurance risk is significant if, and only if, an insured event could lead to payment by the insurer of significant additional indemnities to the occurrence of any circumstance of economic substance (ie excluding events with no identifiable effect on the economic aspects of the operation).

Based on the analysis performed on policies in the portfolio, falling within the scope of IFRS 4 (insurance contracts) are all contracts in the non-life business as well as those relating to life business that have significant components of insurance risk.

Due to the definition of insurance contract supplied by IFRS 4, the contracts with an insignificant insurance risk therefore fall within the scope of IAS 39 (Financial Instruments: Recognition and Measurement) and IAS 18 (Revenues).

Technical reserves - Non-life

The premium reserve for the damage has been calculated following the principles of ISVAP Regulation. 16 of 4 March 2008 and precisely calculating the share analytically by the method pro-rated basis of gross premiums written skills of the future exercise, by deducting from its recent acquisition commissions. The same method was also applied to the determination of unearned premiums to reinsurers.

For the aging reserve there was applied the minimum rate of 10% to the premiums for the year according to the provisions of art. 45 of ISVAP Regulation. 16 of 4 March 2008.

The claims reserve is determined analytically by the assessment of all claims outstanding at the end of the year and on the basis of technically prudent estimates that the amount sufficient to allow the provision is sufficient to meet claims to be paid. The claims reserve also includes the provisions for late claims.

The share of the claims reserve of reinsurers reflects the recovery on the amounts reserved, to the extent provided by the treaties in force.

Technical reserves - Life

The mathematical reserves of life insurance, determined on an actuarial basis, are in line with the provisions of art. 36 of Legislative Decree 209/2005. They are adequate to cover the commitments made to those concerned, as shown in the technical report prepared and signed by the appointed by the Company. In particular, account was taken of the requirements of the provisions on the adjustment of the technical bases for pension benefits, as well as by ISVAP Regulation no. 21 of 28 March 2008 on the establishment of additional reserves against foreseeable returns of the funds under separate management.

LAT (Liability Adequacy Test *)*

In order to verify the adequacy of the provisions it is expected that a company carries out a test of sufficiency of the same, so-called "Liability Adequacy Test", according to the present values of future cash flows. If that assessment shows that the carrying amount of insurance liabilities, net of capitalized acquisition costs and intangible assets, is insufficient, the difference is accounted for in the income statement.

Shadow accounting

Contracts with revaluation of benefits linked to the performance of a separate management are classified as insurance or investment contracts with discretionary participation features (DPF). The DPF component derives from the existence of capital gains and losses from valuation. IFRS 4 (par. 30) allows the change of accounting standards so that a gain or loss recognized but not realized on an asset affects the measurement of insurance liabilities, the related deferred acquisition costs and related intangible assets, as if they were a realized component.

The resulting adjustment is recognized in equity only if the same treatment is adopted for realized gains and losses.

By contrast, unrealized gains and losses on assets recognized directly in the income statement (including write-downs for impairment losses) result in a corresponding adjustment of insurance liabilities recognized directly in the income statement.

Each year the calculation of shadow accounting is carried out.

Other liabilities

This item includes, among other things, carrying amounts of contract management of CBA Vita classified investments, which are recognized as income in accordance with IAS 18, when the service is provided.

This implies that the service component is deferred and recognized in the income statement linearly over the term of the contract so as to offset the costs incurred by the Company to provide services. The estimated duration of the policy takes into account the propensity to payments by the insured, for the tested products on which the Group has acquired experience, and expectations assessed in the study phase, for the new products. Recurring items such as commission income, commissions paid and portfolio management costs, are recognized in the income statement for the year in which they occur.

Aspects of the income statement relating to the insurance

With regard to insurance contracts in accordance with IFRS 4, there is provided their posting in the income statement of premiums, which include the amounts for the year from the issue of contracts, net of cancellations; the changes in technical reserves, which represents the change in future commitments to policyholders under insurance contracts; commissions for the year due to the intermediaries and the cost of claims, redemptions and maturities of the year.

18 - Other information

Securitizations

The Group had perfected in 2000 two securitizations with which Banca Sella SpA and Biella Leasing SpA sold, respectively, a portfolio of performing loans and cash flows from a portfolio of SPV SecurSel Srl leasing contracts. For both securitization operations described above we have used the optional exemption provided by IFRS 1, which allows you to not re-recognized assets / liabilities sold or deleted before 1 January 2004.

On 28 February 2008, the securitization completed by Biella Leasing with Secursel Srl in 2000 ended.

On 31 October 2010 the securitization completed with Secursel Srl in 2000 ended. Banca Sella repurchased loans by the vehicle, which provided to reimburse in advance the still existing titles. Therefore Secursel was put into liquidation and closed in the month of November 2011.

During 2005, 2008, 2009 and 2012, Banca Sella completed further sales of the portfolio of performing loans to the vehicle company Mars 2600 Srl

During 2013 Consel completed its first sale of the portfolio of performing loans to the SPV Monviso 2013 Srl.

Loans subject to the latter securitization operation have been re-recognized in the consolidated financial statements because it has not been possible to carry out their derecognition in accordance with IAS 39 and the interpretation given by SIC 12.

Employee benefits

The severance indemnity is recorded on the basis of its actuarial value. For the discounting, using the projected unit credit method which involves the projection of future payments based on historical statistical analyses, the demographic curve and the financial discounting of such flows are based on a market interest rate. The difference between gains and losses from actuarial valuations were recorded directly in equity, while the remaining components (discounting the effect) was recorded in the income statement.

Under IAS 19, the severance pay is a post-employment benefit, the recognition of which must take place by use of actuarial methods.

In the light of the provisions of the Finance Act 2007, the TFR accrued from 1 January 2007 destined to supplementary pension funds or to the Treasury Fund of INPS is to be considered as a "defined contribution plan "and, therefore, no longer subject to actuarial valuation.

As part of international accounting standards, in fact, the TFR cannot be budgeted for an amount corresponding to the amount accrued (assuming that all employees leave the company at year-end), but the liability in question must be calculated projecting the amount already accrued to the future moment of termination of the employment relationship and then discounting this amount at the balance sheet date using the actuarial "Projected Unit Credit Method".

Recognition of revenues and costs

Revenues are recognized when they are collected or, in any case, in the case of sale of goods or products, when it is likely that benefits will be received and these benefits can be measured reliably, in the case of services, in the moment these have been rendered. In particular:

- the interest is recognized pro rata based on the contractual interest rate or the effective rate in the case of application of amortized cost;
- default interest, if provided for by contract, is recognized in the income statement only when actually collected;
- dividends are recognized in the income statement during the period in which they is declared;

- commission income from services is recorded, on the basis of the existence of contractual agreements, in the period in which the services were rendered;
- gains and losses from securities trading are recognized in the income statement at the time of completion of the sale, based on the difference between the consideration paid or collected and the carrying value of the instruments themselves;
- Revenues from the sale of non-financial assets are recognized at the time of completion of the sale, unless it the majority of the risks and benefits associated with the activities have been maintained.

Costs are recognized in the income statement in the periods in which the related revenues are recognized. If the association between costs and revenues can be made in a general and indirect way, costs are booked over several periods with rational procedures and on a systematic basis. Costs that cannot be associated with revenues are recognized immediately in the income statement.

Use of estimates and assumptions in preparing the consolidated financial statements

The Group has recourse to the consolidated financial statements, estimates and assumptions that may affect the amounts reported in the balance sheet and income statement. The preparation of these estimates is given by:

- the use of the information available;
- the adoption of assessments, which are based on historical experience, used for the purpose of formulating rational assumptions for the recognition of operating events.

In future years the values currently recorded may differ, even significantly, following changes in the assumptions used, because, by their nature, the estimates and assumptions used may vary from year to year.

The main cases for which it is required to make assessments are:

- for the impairment of loans and other financial activities the determination of losses;
- for the detection of the fair value of financial instruments not quoted in active markets the use of valuation models;
- for goodwill and other intangible assets the estimation congruity of the value;
- for personnel funds and provisions for risks and charges their estimation;
- for deferred taxation assets the estimates and assumptions on their recoverability;
- to articulate the insurance products and define the basis of calculation of the supplementary reserves, the demographic hypotheses (linked to the mortality of insured people) and financial hypotheses (deriving from the possible trend in financial markets).

Definition and criteria for determining the fair value

On May 12, 2011, the IASB published IFRS 13 "Evaluation of the Fair value "that provides a complete guide on how to assess the fair value of financial assets and liabilities and non-financial disclosures. IFRS 13 is endorsed by the Regulation (EU) No 1255/2012 of 11 December 2012.

The new standard is applicable whenever another accounting standard requires the measurement of an asset or liability at fair value and requires disclosures about valuations of fair value.

Under IFRS 13, the fair value is defined as the *"price one would receive for the sale of an asset that one would pay to transfer a liability in a regular transaction between market participants on the date of evaluation".*

The principle requires that if there are any transactions directly observable in the market, the determination of fair value is immediate. In the absence of such conditions it is necessary to resort to technical evaluation. IFRS 13 identifies three evaluation techniques widely used and requires that each entity, to assess the fair value, should use valuation techniques consistent with one or more of these methods:

- *Method of market valuation*: this technique resorts to prices and other information related to transactions involving assets or liabilities identical or similar. Included in this scenario is the feedback based on the determination of market multiples.
- *Cost method:* the fair value is the replacement cost of a financial assets.
- *Income method*: the fair value is the present value of future cash flows. Such techniques can be based on the current value.

In calculating the fair value of a financial asset, IFRS 13 provides for the inclusion of an adjustment factor of fair value that identifies the so-called counterparty risk (CVA). This credit risk must be quantified as a market operator would determine the definition of the purchase price of a financial asset.

In determining the fair value of a financial liability, IFRS 13, it provides that there are also be quantified an adjustment factor of the fair value relating to own credit risk (DVA).

As mentioned previously, according to IFRS 13 the determination of the fair value of financial instruments should use valuation techniques that maximize the use of observable market data inputs.

To this end, IFRS 13 establishes a hierarchy of fair value which classifies inputs into three levels of valuation techniques adopted for evaluating the fair value:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 : Inputs other than quoted prices included in Level 1, directly or indirectly observable for the assets or liabilities. The prices of the assets or liabilities are deduced from market prices of similar assets or using valuation techniques for which all significant factors (credit and liquidity spreads) are derived from observable market data.
- Level 3 : inputs not observable for the assets or the liabilities. The prices of the assets or liabilities are deduced by using valuation techniques that are based on data compiled using the best available information about assumptions that market participants would use to determine the price of the activity or the liabilities (it involves, therefore, estimates and assumptions by management).

IFRS 13 defines as an active market that "market in which operations relating to the asset or liability occur with sufficient frequency and volume to provide useful information for determining the price on an ongoing basis" .

Input for the determination of fair value

Here are the different levels of input to be used for determining the fair value of financial instruments to assess at fair value:

(L1) Instruments whose fair value is the market value (instruments quoted on an active market):

- Securities listed on a regulated market or an MTF and whose price reflects market information.
- Securities listed on Bloomberg as long as the amount of emission is greater than or equal to 500 million euro and there is at least one market maker with regularly available prices.
- Funds for which there is available daily NAV or daily quotation.
- Investments listed on an active market.
- Derivatives traded on regulated markets.

The criteria set out above, together with the definition of "active market" provided by IFRS 13, combine to uniquely identify the active markets.

(L2) instruments whose fair value is determined using inputs other than quoted prices in active markets that are observable either directly (as prices) or indirectly (derived from prices) on the market:

- Securities for which Bloomberg expresses a rate characterized by an amount of emission of less than 500 million euro, or titles, although characterized by an amount of emission of more than 500 million euro, for which there is no market maker on Bloomberg with prices regularly available.
  - Bonds issued by Gruppo Banca Sella for which one would normally proceed to a fortnightly assessment (in proximity to the end of the first half of the month and in proximity of the end of a month). The evaluation can take place more frequently if market conditions or the type of tools make it appropriate and necessary, or "on demand" if at any time the trading area requests it. The calculation of the fair value of the Group's bond issues is carried out by the Finance Division of the parent company, using methodologies, widespread on the market, listed below:
    - Fixed-rate bonds "asset swap spread";
    - Floating rate notes: "discount margin";
    - Structured notes: " *net present value* "(for bonds).

The structured notes that, in addition to the bond component incorporate an optional component (derivative), provide for the evaluation of the latter based both on the prices charged by market counterparties and based on external valuation models (eg. Black-Scholes) or owners. There is also provided a second-level control by Risk Management calculated on prices and on modeling used. Any discrepancies or anomalies are promptly communicated by the Finance Area for examination and possible recalculation.

- Illiquid securities defined except those explicitly in a mark-to-management evaluation (which are included in L3).
- Funds for which there is available daily NAV or daily quotation, but which periodically express a NAV or a reliable quotation.
- Investments that do not have an active market for which one is aware of a limited number of transactions but recurring over time.
- OTC derivatives for which there are market parameters for the evaluation.

(L3) instruments whose fair value is determined using inputs that are not based on observable market data:

- Securities in default or delisted in cases in which the price communicated by the reference provider for the single security is greater than 0. If that price is equal to 0 such securities are considered "not assessed at fair value".
- Definite illiquid securities explicitly in a mark-to-management evaluation.
- Securities resulting from the securitization Mars 2600 and other ABS.
- Funds or Fund specialized in ABS.
- Unlisted closed end funds
- Funds of private equity.
- Investments that do not have an active market, for which there are carried out one-off transactions or for which one is using valuation methods.
- OTC derivatives for which there are no market parameters for the evaluation.

Evaluate counterparty risk

In calculating the fair value of a financial asset, IFRS 13 provides for the inclusion of an adjustment factor of fair value that identifies the so-called counterparty risk (CVA). This credit risk must be quantified as a market operator would determine the definition of the purchase price of a financial asset.

In determining the fair value of a financial liability, IFRS 13 provides that there are also be quantified an adjustment factor of the fair value attributable to own credit risk (DVA).

With regard to the bonds issued by Banca Sella (structured and unstructured) the counterparty risk of the issuer included in the spread which is the margin on floating rate subject of indexing (for floating rate) or on the IRS rate of the same maturity (for the fixed-rate securities), is determined in accordance with the rule described below:

- For bonds, the average weekly yield of the Italian government fixed rate bonds with the same maturity (reference is made to the benchmark curve of the Italian government generic bonds[1]) net of the average weekly IRS rate[2] the same maturity plus a spread . This spread is the weekly average of the yield spread (rounded to the closest 5 basis points) between the individual titles of a panel of ordinary bonds (composed of at least 3 titles) of an elevated amount of working capital (>= 500 million euro) issued by leading Italian banks (Intesa Sanpaolo and Unicredit) [3] and the BTP of the same maturity.
- For subordinated *Tier II* , the weekly average yield on Italian government fixed rate bonds for the same maturity (reference is made to the benchmark curve of the Italian government generic bonds[6]) net of the average weekly IRS rate[7] (6 months' Euribor tenor) with the same maturity plus a spread. This spread is the weekly average of the yield spread (rounded to the closest 5 basis points) between the individual titles of a panel of subordinated *Tier II* (composed of at least 3 titles) of elevated working capital (> = 500 million euro) issued by leading Italian banks (Intesa Sanpaolo and Unicredit)[4] and the BTP of the same maturity.

[1] This refers to the family of Bloomberg GTITL-- Tickers

[2] This refers to the family of Bloomberg EUSA-- Tickers

[3] This refers to Intesa Sanpaolo and Unicredit, also in virtue of the fact that:

- The titles of such Institutes express more significant market quotations, above all in reference to subordinate titles, than those of smaller size Italian banks.
- The internal judgement of the credit quality of the issuer (so-called GISE) of the Gruppo Banca Sella, at the date of this document, is the same as Intesa Sanpaolo and Unicredit.

[4] See previous note.

With regard to exposure in OTC derivatives the quantification of corrective CVA (for active exposure) and DVA (for passive exposure) is carried out by Dealer Wizard for all contracts except for those covered by netting agreements and collateral (eg. ISDA , CSA, etc.).

The methodology for calculating the corrective CVA \ DVA implemented by the Dealer Wizard is based on the discounted cash flows approach. This methodology, applied to all types of derivatives traded by the Group, involves the application of a credit spread to the discounting of expected cash flows and leads to the generation of a Fair Value Risk Adjusted , whose difference with the Fair value Risk Free is the CVA / DVA.

The choice of the spread of credit to be applied to the discounting of anticipated cash flows is linked to the direction of flow and the type of counterparty: specifically, depending on whether flows are of of the "receive" or "pay" type, the spread applied to them must take into account the credit risk of the counterparty (if receive type) or own entity (if pay type).

With regard to the type of counterparty there are listed below possible cases to which reference should be made for the allocation of the credit spread:

- <u>*Institutional counterparty with which CSA was NOT signed*</u> : for the credit spread reference is made to the CDS quotation downloaded from Bloomberg providers. In absence of a specific quote for that particular counterparty one refers to the CDS price of a counterparty considered comparable by sector, size and rating.
- <u>*Institutional counterparty with which it a CSA was entered into*</u>: in this case the spread attributed is zero because the counterparty risk is mitigated by collateral contract. Therefore the Fair Value Risk Adjusted coincides with the Fair Value Risk Free.
- <u>*GBS customers (retail or corporate)*</u> : refers to the internal evaluation provided by the Risk Management - Credit Risk. Specifically, the credit spread is the estimated internal rate of return required to cover the two components of loss (expected and unexpected) that determine the credit risk. For the quantification of the incidence of the expected loss recourse is made to the value of a probability of default associated with the class rating of the specific customer (if the customer is subject to the calculation of internal rating), or at the rate of medium decay registered in the last 24 months within the loan portfolio of the bank (in the event that the customer is not subject to the calculation of an internal credit rating). For the quantification of the incidence of unexpected loss there is estimated the value of the economic capital required to meet the goal of a profitability demanded by shareholders, in case of a loan in current account maturing after one year.

With regard to Banca Sella the credit spread needed as an input parameter for the calculation of corrective DVA is determined in line with the spread applied on the same date on the bonds issued by the Group.

Evaluations of CVA \ DVA are made daily by the OTC currency translations Banca Sella. The Risk Management shall carry out sample second-level controls having made ex ante the methodological validation and the validation of the market parameters used (shared with the Finance Department).

The following table summarizes the impact of IFRS 13, divided by type of derivative:

Net impact 31 12 2014 in euro

Company / type	IRS		CAP_FLOOR		COLLAR	
	CVA	DVA	CVA	DVA	CVA	DVA
Banca Sella	- 168,930	- 2,334	-	- 4,410	- 2,733	-
Banca Sella Holding	18,165	- 6,617	140	-	-	-
Banca Patrimoni Sella & C.	-	-	-	- 401	-	-
Total	**- 150,765**	**- 8,952**	**140**	**- 4,811**	**- 2,733**	**-**

Net impact 31 12 2014 in euro						
Company / type	CURRENCY TRANSLATIONS_OTC		DOMESTIC CURRENCY SWAP		OUTRIGHT	
	CVA	DVA	CVA	DVA	CVA	DVA
Banca Sella	- 9,790	1,750	- 75,064	- 916	- 176,388	- 122
Banca Sella Holding	-	-	-	-	- 7,246	3,326
Banca Patrimoni Sella & C.	-	-	- 109,290	- 63	-	-
Total	**- 9,790**	**1,750**	**- 184,355**	**- 979**	**- 183,634**	**3,204**

The evaluations of the implicit cap, while waiting for complete automation of the assessments by the Credit area of Banca Sella and the Group companies concerned, is carried out by the Finance Division of the Parent using the *discounted cash flows approach*.

Since these are options sold to the customer (implicit rate mortgages maximum) the corrective DVA is determined by applying the credit spread related to the Gruppo Banca Sella as above.

Frequency of determining the fair value

The detection of the fair value is performed at least every month end, and any time if the need arises following events of which we have news which may adversely affect the value and the degree of risk incurred.

Loans: fixed rate covered mortgages

The measurement of the fair value of fixed rate covered mortgages requires financial consistency between hedged assets and the IRS entered into to hedge. At each measurement date of the fair value, the cumulative stock of the hedging IRS and the cumulative stock of covered mortgages are constructed and above all a check is made that there is a first correspondence between the amortization profile of the IRS and the amortization profile of covered loans.

One then proceeds with the calculation of the weighted average fixed rate of IRS coverage. This rate represents the average of market rates that were in place at the inception of the different IRS and thus reflects the interest that it was intended to cover at the time of the mortgage coverage. In other words, this rate represents the share of interest actually covered by the IRS, distinguishing it from the interest portion of that plan that is not covered and which corresponds to the spread (more an expression of customer risk than of interest rate risk).

At this point it becomes reasonable to construct, starting from the actual remaining amortization schedule of the principal of all the covered mortgage, the repayment schedule of loans to be used for the detection of the fair value. It will be composed of the flows of the principal of the loans (given by the difference between the residual debt of a period with respect to the residual debt of the previous period according to the contractual amortization plan) and the shares of interest obtained by applying to the remaining amount due for the period the weighted average rate the IRS coverage (which is the share of hedging interests).

The rate thus obtained can then be updated adopting the same yield curve used to calculate the fair value of the IRS hedging and written down because of the actual percentage of coverage on the date of valuation (ratio between the "surfaces" - that is, the sums of residual principal for the number of days left – of the amortization schedules of the residual notional amount of IRS divided by the remaining balance of the loans), so as to obtain the present value of covered mortgage. This value will be subtracted from the remaining credit (also multiplied by the hedging percentage) at the valuation date of the loans.

According to this method (present value of installments minus residual debt cut down to the percentage of cover) there are calculated the adjustments to fair value at the end of T and T-1.

The difference between these two values will be the delta fair value of the loans to be compared with the delta fair value of the IRS.

A3 - Information on transfers between portfolios of financial assets

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

Type of financial instrument (1)	Original portfolio (2)	Portfolio of destination (3)	Book value (4)	Fair value (5)	Income components in the absence of transfers (before tax)		Income components (before tax)	
					Valuation (6)	Other (7)	Valuation (8)	Other (9)
A. Debt			**(13,262)**	**(13,078)**	**118**	**(3)**	**108**	**6**
	HFT	Loans to banks	(3,468)	(3,436)	23	-	-	25
	AFS	Loans to banks	(9,794)	(9,642)	95	(3)	108	(19)
B. Equities			-	-	-	-	-	-
C. Other financial assets			-	-	-	-	-	-
		Total	**(13,262)**	**(13,078)**	**118**	**(3)**	**108**	**6**

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

Type of financial instrument (1)	Original portfolio (2)	Portfolio of Destination (3)	Gains / losses in the income statement		Gains / losses in equity	
			12/31/2014 (4)	12/31/2013 (5)	12/31/2014 (6)	12/31/2013 (7)
A. Debt			**-**	**-**	**95**	**8,242**
	AFS	Loans to banks	-	-	95	200
	AFS	HTM	-	-	-	8.042
B. Equities			-	-	-	-
C. Other financial assetsL			-	-	-	-
		Total	**-**	**-**	**95**	**8,242**

A.3.3 Transfer of financial assets held for trading

At 31 December 2014 and during the year there were no transfers of financial assets held for trading.

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

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

The company which made the reclassification	Description	Isin	Rate	Expected cash flow
Cba Vita Spa	BANCA . INT. 2/12/15	XS0236477377	0.46%	2,511
Cba Vita Spa	BPU IM Float 29.03.1	XS0248693854	0.58%	3,022
Cba Vita Spa	MPS CMS 01.04.15	XS0215079202	2.00%	2,010
Cba Vita Spa	UNICREDITO Float 26.	XS0226191798	2.00%	2,783
Banca Sella Holding Spa	BPU TV EUR 16LR2	XS0248693854	1.32%	25,229

A.4 - Information on fair value

Qualitative information

A.4.1 fair value level 2 and 3: valuation techniques and inputs used

With regard to valuation techniques, inputs and thereby adjustments used in the evaluation of the fair value of the instruments belonging to level 2 and level 3 is shown in the following extract from that specified in the Fair value Policy adopted by the Group and currently into force.

In the assessment of bonds at a fixed rate there is used the model of *asset swap spread*, while for those at a floating-rate the model used is the *discount margin*. The use of such models is motivated by the consideration that at the European level they are the market standard for these types of securities.

As input in the pricing of fixed rate bonds, there is used the Euro swap yield curve derived from information providers used by the Bank, while the levels of spreads used are derived from the elaboration of variables connected to the spread of credit given by the info providers. The purpose of these calculations is to consider various variables that can influence the process of pricing.

Where the bonds contain an optional component, there is used, where possible, the model of pricing present on Bloomberg, in order to guarantee an estimate based on the methodology widely used by the market. For this purpose, as *option-adjusted-spread* (OAS), similarly to the previous cases, there is used a level of spread deducted from the elaboration of variables connected to the spread of credit reported by the information providers.

The bonds with a structure that cannot be priced with Bloomberg models are priced by decomposition of the structure into simpler components.

The evaluation of the latter is performed using valuations deduced from those offered by the counterparty to the hedging instrument or, if these are not available, Monte Carlo simulations, using as input the values of the variables reported by the main info-providers.

The OTC derivatives generally present in the financial statements concern the categories of swaps, interest rate options and options on exchange rates.

The valuation of the swap rate is made according to the method of the *discounted-cash-flow* (DCF), which is the de facto industry standard, and which uses as input data the swap yield curve relative to the currency of the contract. This curve is periodically taken from the one published by the leading financial information providers (Bloomberg / Reuters) present at the Bank. Where the structure of the swap is more complex, and does not allow a reasonable certainty in the estimate of the contract value, an evaluation is requested of the contract from the counterparty to the transaction.

Options on interest rates today for GBS are exclusively represented by cap and floor, and are valued according to the Black model. This choice is based on the consideration that alternative models would pose the problem of calibration parameters for the stage of pricing and would not provide a significant improvement in the estimated price. Additional elements to favor this choice are connected with the consideration that a wide array of implicit volatility is reported by the leading financial information providers, in combination with the option prices for the same standard deadlines.

The foreign exchange options, whether "plain vanilla" and "exotic" (European or American barrier options), are valued according to the Black & Scholes model. Volatility curves necessary to calculate the implied volatility of each option and stock prices and the foreign exchange market rates used in the valuation of contracts, are taken from leading financial information providers in the Bank (Bloomberg). In the case of structures of more complex exotic options such as to prevent a reasonable certainty in the value of the contract, where possible an internally developed evaluation algorithm is used, or, where possible, an evaluation of the same is requested of a third party with respect to the operation. These assessments, if any, contribute to the determination of the price together with the valuation provided by the counterparty to the transaction.

The determination of fair value for the asset backed securities in the portfolio of properties is done in accordance with the standard pricing on Bloomberg. These models are based on a methodology based on the DCF (discounted cash flow), which uses as input data the latest data provided by the company responsible for the securitization of the title.

The level of discount margin used is deducted from that reported by research, based on the spread on the secondary market for securities similar according to underlying, country and rating. This level can be adjusted to take into account any external factors (and factors typical of the title) such as the different quality of assets, the performance of the underlying, etc.

For the valuation of investments in AFS techniques from time to time taken they are:

- the income method, which determines the value of a company based on its ability to generate revenue; to this end, the value of a company is calculated using the discounting of expected results: the average income is estimated on the basis of prospective corporate data (financial statements, interim reports, budgets, business plans); the discount rate considered in addition to the performance of activities a risk-free a prize for the investment activities in a business;
- the multiples method, which determines the value of a company on the basis of specific indicators that compare market prices to the book value; multiples are expressed by a sample of listed companies as similar as possible to the company to be evaluated; factors which are taken into account to determine the homogeneity of a sample are manifold: their belonging to the same economic sector, the company size, the financial risks arising from the financial structure of a company, market shares, geographical diversification, and so on.
- other valuation techniques commonly used by those involved in the market to give a price to companies if these techniques have been proven to provide reliable estimates of prices obtained in actual market transactions (forming part of this case study is the use of the equity method, which determines the value of a company based on the algebraic balance between assets and liabilities; the analysis is based on historical data available on the basis of company data, financial statements, interim reports, budgets, business plans).

The unlisted closed end funds and funds of private equity are evaluated on the basis of data provided by the issuer or, in the absence of such data, based on the amount of contributions to the fund. Particular attention will be paid to the ABS funds where to the extent possible we will analyze the "investor reports" of individual ABSs present significantly in the individual funds.

In relation to loans issued by each Group bank and subject to hedging, the determination of fair value for the purpose of assessing the effectiveness of the same occurs by using the method of the discounted-cash-flow. To do this there is used the same risk free curve used for the evaluation of the hedging derivative and there is deduced from the coupon of the title the spread paid as reported in the hedging contract.

With regard to covered fixed-rate mortgages the measurement of fair value requires a financial consistency between hedged assets and the IRS entered into to hedge. At each measurement date of the fair value, then the cumulative stock of the covered IRS and the cumulative stock of covered mortgages is constructed and above all a check is made that there is a first correspondence between the amortization profile of the IRS and the amortization profile of loans covered.

One then proceeds with the calculation of the weighted average fixed rate of IRS coverage. This rate represents the average of market rates that were in place at the inception of the different IRS and thus reflects the interest that it was intended to cover at the time of the mortgage coverage. In other words, this rate represents the share of interest actually covered by the IRS, distinguishing it from the interest portion of that plan that is not covered and that corresponds to the spread (more an expression of customer risk than of interest rate risk).

At this point it becomes reasonable to construct, starting from the actual remaining amortization schedule of the principal of all the mortgage covered, the repayment schedule of loans to be used for the detection of the fair value. It will be composed of the flows of the principal of the loans (given by the difference between the residual debt of a period with respect to the residual debt of the previous period according to the contractual amortization plan) and the shares of interest obtained by applying to the remaining amount due for the period the weighted average rate the IRS coverage (which is the share of interests covered).

The rate thus obtained can then be updated adopting the same yield curve used to calculate the fair value of the covered IRS, and curtailed because of the actual percentage of coverage on the date of valuation (ratio between the "surfaces" - that is, the sums of residual principal for the number of days left – of the amortization schedules of the residual notional amount of IRS divided by the remaining balance of the loans), so as to obtain the present value of mortgage covered. This value will be subtracted from the remaining credit (also multiplied by the hedging percentage) at the valuation date of the loans.

According to this method (present value of installments minus residual debt curtailed for the cover percentage) there is calculated the fair value at the end of the year T and the fair value at end of year T-1. The difference between these two values will be the delta fair value of the loans to be compared with the change in the fair value of the IRS.

A.4.2 processes and sensitivity of the evaluations

The use of models and valuation techniques described above requires the selection and quantification of parameters, which can vary depending on the financial instrument that one wants to evaluate.

These parameters are chosen and applied on this software application for calculating when requesting evaluation of a new instrument.

The Risk Management is responsible for validating the parameters defined.

At each frequency of calculation of the fair value of the financial instrument, these parameters are rechecked and updated both from the area that performs the calculation and Risk Management.

For example, the main observable parameters can be traced to:

Rate Curve

It consists of a set of rates of return for zero-coupon securities synthetics, sorted in ascending order as regards the deadline of the same. These rates are determined in accordance with established "bootstrapping" methodsof market rates of deposits (for terms not exceeding 12 months) and the market rates of IRS (for maturities of not less than 2 years). For the purposes of the assessments the mid rates are considered. It is at the basis of the assessment of any OTC derivatives.

Matrix Volatility

It consists of a table showing for each maturity and strike the options considered, the relative value of the mid volatility listed from the market. This table is only for options of the cap / floor type.

Spread

For the evaluation of bonds issued by the Group (structured and unstructured), two types of spread are considered:

- *Rate spread*: represents the margin on the variable rate that is the subject of indexing (for variable rate securities) or on the IRS rate of the same maturity (for fixed rate securities).

- *Price spread*: the differential is subtracted from the theoretical price to take account of structural risk.

Implied volatility

This refers to the price volatility of listed options on a specific underlying.

For each period, there is considered the value of the options *at-the-money*, or a weighted average of the price volatility of listed options (albeit with different strikes) on the same date.

Dividend Yield

In assessment methodologies it is obtained as the logarithm of the ratio of annualized dividend and price, as reported by the major information providers (Bloomberg, Reuters, etc.) on maturities similar to those of the derivative in question.

For example, the main unobservable parameters can be traced to:

Correlations

For the calculation of the correlations there are used the logarithmic variations in prices of the two activities (exchange rate and the price of the underlying) considered. To this end data for the last six months is normally considered.

Historical volatility

If the implied volatility of the options are not listed, there is used the historical volatility of the underlying instrument, measured by the standard deviation of the logarithmic price changes of the same.

There are no significant unobservable inputs used in the valuation of the fair value of assets and liabilities within level 3.

A.4.3 Fair value hierarchy

Any transfers from one level of the hierarchy of fair value to another take place in the light of the characteristics of each security and in relation to criteria which separate membership at different levels of the fair value hierarchy. They are collected twice a year, in conjunction with the annual and semi-annual. The input levels that determine membership of a level of fair value are listed in these financial statements, in Part A.2 - the part regarding the main items of the budget, in the paragraph “Input for the determination of fair value”.

At 31 December 2014 there were titles that have improved their liquidity and thus changed the level of the fair value hierarchy from 31 December 2013.

A.4.4 Other Information

The Bank does not handle groups of financial assets and liabilities based on their net exposure to market risk or credit risk.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 assets and liabilities carried at FV on a recurring basis: breakdown by fair value levels

Financial assets / liabilities measured at fair value	12/31/2014			12/31/2013		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	361,912	25,507	5,661	450,880	37,370	5,547
2. Financial assets at fair value	613,786	19,895	-	607,319	56,760	-
3. Financial assets available for sale	2,772,057	9,501	46,791	1,251,782	25,429	45,743
4. Hedging derivatives	-	14,749	-	-	16,937	-
5. Tangible assets	-	-	-	-	-	-
6. Intangible assets	-	-	-	-	-	-
Total	**3,747,755**	**69,652**	**52,452**	**2,309,981**	**136,496**	**51,290**
1. Financial liabilities held for trading	72,278	23,217	-	137,644	25,721	-
2. Financial liabilities at fair value	596,548	224	-	584,834	20,335	-
3. Hedging derivatives	-	154,020	-	-	114,608	-
Total	**668,826**	**177,461**	**-**	**722,478**	**160,664**	**-**

Legend
L1=Level 1
L2=Level 2
L3=Level 3

A.4.5.2 Annual changes in financial assets at fair value on a recurring basis (level 3)

	Financial assets held for trading	Financial assets at fair value	Financial assets available for sale	Hedging derivatives	Tangible assets	Intangible assets
1. Opening	**5,548**	**-**	**45,741**	**-**	**-**	**-**
2. Increases	**124,878**	**-**	**7,109**	**-**	**-**	**-**
2.1. Purchases	124,415	-	6,923	-	-	-
2.2. Profits allocated to:						
2.2.1. Income Statement	448	-	144	-	-	-
- of which capital gains	345	-	144	-	-	-
2.2.2. Equity	X	X	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-
2.4. Other increases	15	-	42	-	-	-
3. Decreases	**124,765**	**-**	**6,061**	**-**	**-**	**-**
3.1. Sales	124,121	-	259	-	-	-
3.2. Refunds	-	-	-	-	-	-
3.3. Losses allocated to:						
3.3.1. Income Statement	644	-	4,262	-	-	-
- of which losses	641	-	8	-	-	-
3.3.2. Equity	X	X	-	-	-	-
3.4. Transfers to other levels	-	-	1,436	-	-	-
3.5. Other decreases	-	-	104	-	-	-
4. Closing	**5,661**	**-**	**46,789**	**-**	**-**	**-**

A.4.5.4 assets and liabilities not measured at fair value or at fair value on a non-recurring: breakdown by fair value levels

Assets / liabilities not measured at fair value or measured at fair value on a non-recurring basis	12/31/2014				12/31/2013			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets held to maturity	-	-	-	-	1,213,269	1,274,735	-	-
2. Due from banks	1,209,916	-	-	934,841	338,357	-	19,229	319,321
3. Loans to customers	8,061,432	-	-	-	8,315,535	-	212	8,427,823
4. Tangible assets held for investment purposes	39,634	-	2,080	47,133	37,704	-	-	52,139
5. Non-current assets and groups of assets held for sale	-	-	-	-	-	-	-	-
Total	**9,310,982**	**-**	**2,080**	**981,974**	**9,904,865**	**1,274,735**	**19,441**	**8,799,283**
1. Due to banks	1,178,339	-	-	1,178,448	1,226,522	-	-	1,224,107
2. Due to customers	8,766,142	3,835	-	8,762,420	8,152,130	4,722	176	8,147,547
3. Outstanding securities	1,367,778	7,652	476,694	772,763	1,207,557	7,477	1,018,746	179,625
4. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	**11,312,259**	**11,487**	**476,694**	**10,713,631**	**10,586,209**	**12,199**	**1,018,922**	**9,551,279**

Legend
BV=book value
L1=Level 1
L2=Level 2
L3=Level 3

The fair value on a non-recurring basis was calculated for non-short term loans by applying the criteria set out in the Accounting Policies, A.2 other information.
For receivables and payables due on demand or short-term it is believed that the fair value is in line with the book value.
As for tangible assets, the fair value was obtained using external expertise.

A.5 - Information on so-called "day one profit / loss"

The Group does not have and has not had this type during the year.

Part B – Information on the Consolidated Balance Sheet

Assets

Section 1 - Cash and cash equivalents - item 10

1.1 Cash and cash equivalents: breakdown

	12/31/2014	12/31/2013
a) Cash	131,022	130,622
b) Deposits with central banks	-	-
Total	**131,022**	**130,622**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading:

Items/Values	12/31/2014			12/31/2013		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt	341,258	2,095	3	441,461	14,053	3
1.1 Structured securities	9,244	-	-	4,738	-	-
1.2 Other debt securities	332,014	2,095	3	436,723	14,053	3
2. Equities	496	-	32	377	16	9
3 Units in investment funds	20,105	-	5,626	9,024	-	5,535
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
A total	**361,859**	**2,095**	**5,661**	**450,862**	**14,069**	**5,547**
B. Derivatives						
1. Financial derivatives:	54	23,412	-	18	23,301	-
1.1 trading	54	23,345	-	18	23,214	-
1.2 associated with the fair value option	-	-	-	-	-	-
1.3 Other	-	67	-	-	87	-
2. Credit derivatives:	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 associated with the fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total B	**54**	**23,412**	**-**	**18**	**23,301**	**-**
Total (A+B)	**361,913**	**25,507**	**5,661**	**450,880**	**37,370**	**5,547**

For more information on the methodologies used to determine fair value, see the information provided in Part A - Accounting policies of these Explanatory Notes.

Financial assets are almost entirely attributable to Banca Sella Holding (82.7%), which performs treasury services for the entire Group. The main asset classes are represented by bonds issued by banks, financial and corporate institutions and are mostly short-term.
The category that records the greatest variation is that of debt securities, for which, in addition to the normal operations of purchase, it was involved in refunds bonds for about 0.4 million euro, partly offset by the decrease in purchases.

Pertaining to the banking group

Items / Values	12/31/2014			12/31/2013		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt	341,258	2,095	3	441,461	14,053	3
1.1 Structured securities	9,244	-	-	4,738	-	-
1.2 Other debt securities	332,014	2,095	3	436,723	14,053	3
2. Equities	320	-	32	205	16	9
3 Units in investment funds	10,295	-	5,626	9,024	-	5,535
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
A total	**351,873**	**2,095**	**5,661**	**450,690**	**14,069**	**5,547**
B. Derivatives						
1. Financial derivatives:	54	23,397	-	18	23,291	-
1.1 trading	54	23,330	-	18	23,204	-
1.2 associated with the fair value option	-	-	-	-	-	-
1.3 Other	-	67	-	-	87	-
2. Credit derivatives:	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 associated with the fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total B	**54**	**23,397**	**-**	**18**	**23,291**	**-**
Total (A+B)	**351,927**	**25,492**	**5,661**	**450,708**	**37,360**	**5,547**

Pertaining to insurance companies

Items / Values	12/31/2014			12/31/2013		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equities	176	-	-	172	-	-
3 Units in investment funds	9,810	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
A total	**9,986**	**-**	**-**	**172**	**-**	**-**
B. Derivatives						
1. Financial derivatives:	-	15	-	-	10	-
1.1 trading	-	15	-	-	10	-
1.2 associated with the fair value option	-	-	-	-	-	-
1.3 Other	-	-	-	-	-	-
2. Credit derivatives:	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 associated with the fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total B	**-**	**15**	**-**	**-**	**10**	**-**
Total (A+B)	**9,986**	**15**	**-**	**172**	**10**	**-**

2.2 Financial assets held for trading: breakdown by debtors / issuers

Items / Values	12/31/2014	12/31/2013
A. Cash assets		
1. Debt	**343,356**	**455,517**
a) Governments and central banks	188,954	278,266
b) Other public bodies	50	63
c) Banks	115,343	144,597
d) Other issuers	39,009	32,591
2. Equities	**528**	**402**
a) Banks	8	2
b) Other issuers:	521	400
- Insurance companies	108	108
- Financial companies	300	138
- Non-financial	42	90
- Other	70	64
3. Mutual funds	**25,731**	**14,559**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other	-	-
A total	**369,615**	**470,478**
B. Derivatives		
a) Banks	9,861	12,341
- Fair value	9,861	12,341
b) Customers	13,605	10,978
- Fair value	13,605	10,978
Total B	**23,466**	**23,319**
Total (A + B)	**393,081**	**493,797**

Below is the breakdown on the composition of mutual fund shares:

Financial assets held for trading: detail of the subheading UCI

Denomination	12/31/2014	12/31/2013
Bond	11,787	6,503
Monetary	-	-
Balanced	112	197
Equities	6,461	104
Other	7,371	7,755
Total mutual fund shares	**25,731**	**14,559**

They were not issued equity securities by parties classified as non-performing or problem loans belonging to the Group.

2.3 Financial assets held for trading: annual changes

	Titoli di debito	Titoli di capitale	Quote di O.I.C.R.	Finanziamenti	Total
A. Opening	**455,517**	**402**	**14,559**	**-**	**470,478**
B. Increases	**95,370,173**	**1,323,676**	**40,477**	**-**	**96,734,326**
B.1 Purchases	95,335,758	1,321,904	39,800	-	96,697,462
B.2 Positive changes in fair value	2,881	34	626	-	3,541
B.3 Other changes	31,534	1,738	51	-	33,323
C. Decreases	**95,482,334**	**1,323,550**	**29,305**	**-**	**96,835,189**
C.1 Sales	95,044,456	1,323,395	28,572	-	96,396,423
C.2 Refunds	412,574	-	-	-	412,574
C.3 Negative changes in fair value	1,519	21	715	-	2,255
C.4 Transfers to other portfolios	-	-	-	-	-
C.5 Other changes	23,785	134	18	-	23,937
D. Closing	**343,356**	**528**	**25,731**	**-**	**369,615**

Section 3 - Financial assets at fair value - Item 30

3.1 Financial assets at fair value: breakdown

Items / Values	12/31/2014			12/31/2013		
	L1	L2	L3	L1	L2	L3
1. Debt	135,218	8,907	-	215,237	41,821	-
1.1 Structured securities	8,373	-	-	12,101	274	-
1.2 Other debt securities	126,845	8,907	-	203,136	41,547	-
2. Equities	24,363	-	-	25,171	-	-
3. Mutual funds	414,415	10,987	-	330,464	14,939	-
4. Loans	39,789	-	-	36,447	-	-
4.1 Structured	-	-	-	-	-	-
4.2 Other	39,789	-	-	36,447	-	-
Total	**613,785**	**19,894**	**-**	**607,319**	**56,760**	**-**
Cost	**608,902**	**20,759**	**-**	**585,783**	**59,636**	**-**

For more information on the methodologies used to determine fair value, see the information provided in Part A - Accounting policies of these Explanatory Notes.

Financial assets carried at fair value are in their entirety attributable to insurance companies.
Starting from 2007, among the financial assets at fair value there are investments made for the benefit of policyholders who have taken out insurance policies of the unit and index type and investments arising from pension fund management in the life business.
The financial assets vary according to the reserves and financial liabilities: if in the year there have been more liquidations of policies than the collection of premiums the reserves diminish and so do the assets, vice versa in the opposite case. Thus, the pattern of the item is related to normal operation.

The following table shows the purpose of use of the so-called "fair value option"

Financial assets at fair value: use of the fair value option

Voci/Valori	Total			Total		
	L1	L2	L3	L1	L2	L3
Natural hedges	-	-	-	-	-	-
Structured financial instruments	-	-	-	-	-	-
Financial asset portfolios managed internally based on fair value	613,786	19,894	-	607,319	56,760	-
Total	**613,786**	**19,894**	**-**	**607,319**	**56,760**	**-**

3.2 Financial assets at fair value: breakdown by borrower / issuer

Items / Values	12/31/2014	12/31/2013
1. Debt	**144,125**	**257,058**
a) Governments and central banks	104,803	165,118
b) Other public bodies	10	-
c) Banks	15,375	47,128
d) Other issuers	23,937	44,812
2. Equities	**24,363**	**25,171**
a) Banks	1,942	4,330
b) Other issuers:	22,421	20,841
- Insurance companies	1,161	1,931
- Financial companies	5,240	5,111
- Non-financial	6,903	13,660
- Other	9,117	139
3. Mutual funds	**425,403**	**345,403**
4. Loans	**39,789**	**36,447**
a) Governments and central banks	-	-
b) Other public bodies	-	-
c) Banks	39,789	36,447
d) Other	-	-
Total	**633,680**	**664,079**

3.3 Financial assets at fair value: annual changes

	Debt securities	Equity securities	UCITS units	Loans	Total
A. Opening	**257,058**	**25,171**	**345,403**	**36,447**	**664,079**
B. Increases	**300,086**	**76,699**	**606,814**	**3,343**	**986,942**
B.1 Purchases	292,709	75,129	583,706	-	951,544
B.2 Positive changes in fair value	6,940	1,530	23,108	169	31,747
B.3 Other changes	437	40	-	3,174	3,651
C. Decreases	**413,019**	**77,507**	**526,814**	**1**	**1,017,341**
C.1 Sales	389,895	76,066	522,645	-	988,606
C.2 Refunds	21,987	-	2,228	-	24,215
C.3 Negative changes in fair value	1,042	1,441	1,941	1	4,425
C.4 Other changes	95	-	-	-	95
D. Closing	**144,125**	**24,363**	**425,403**	**39,789**	**633,680**

Section 4 - Financial assets available for sale - Item 40

4.1 Financial assets available for sale: breakdown

Items / Values	12/31/2014			12/31/2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt	2,748,899	9,501	55	1,244,136	25,429	55
1.1 Structured securities	7,028	2,467	-	-	7,698	-
1.2 Other debt securities	2,741,871	7,034	55	1,244,136	17,731	55
2. Equities	3,716	-	43,164	3,365	-	42,254
2.1 Measured at fair value	3,716	-	1,321	3,120	-	245
2.2 Rated cost	-	-	41,843	245	-	42,009
3. Mutual funds	19,442	-	1,426	4,281	-	680
4. Loans	-	-	2,146	-	-	2,754
Total	**2,772,057**	**9,501**	**46,791**	**1,251,782**	**25,429**	**45,743**

For more information on the methodologies used to determine fair value, see the information provided in Part A - Accounting policies of these Explanatory Notes.

The item shows an increase of 113.8% as it has recevied all of the investments of the liquidity obtained from the sale of portfolio investments held to maturity.

By analyzing the composition of the pool, one can see that the majority is made up of debt securities, which account for an amount of 2.758,5 millioin Euros, equal to 97.5% of the total.

Among the financial assets available for sale there are classified the minority interests, which at year end were tested for impairment, according to the criteria described in Part A of the Notes, also in this part are the criteria for assessment of qualifications capital.

On June 30, 2014 the following write-downs were made:

- Smava Gmbh (evaluation method: DCF - Discounted Cash Flow): the company having recorded a loss during the 'last financial year, it proceeded to the impairment of the investment with effects in the income statement for an amount of EUR 79,669;
- Pallacanestro Biella: given the proposal to zero the capital from the company, it was decided to write off the value of the investment amounting to 5,000 Euros.

  On December 31, 2014 were also carried out the following write-downs:
- Veneto Banca (evaluation method: comparable transactions): evaluating the participation on the basis of multiples implicit in a sample of transactions to increase the capital of comparable realities, it proceeded to the impairment of the investment with effects in the income statement for an amount of 2,200,737.50 Euros;
- Cassa di Risparmio di Bolzano (evaluation method: comparable transactions): evaluating the participation at a price approved by the Board of Directors of the Company for its own secondary interior market, it proceeded to the impairment of the investment with effects in the income statement an amount of EUR 1,084,030;
- H-Farm Ventures (evaluation method: recent market transactions): evaluating participation in the price of a recent market transaction completed between members, it proceeded to the impairment of the investment with effects in the income statement for an amount of 70,952.25 euro;
- Bank of Labor and Small Savings (evaluation method: recent market transactions): evaluating participation in the price of a recent market transaction completed between members, we proceeded to the impairment of the investment with effects in the income statement for an amount of to 21,206.97 euro.

On the other hand, there have been subject to alteration reserves of equity relating to:

- Group Loans On Line (evaluation method: market price) there was adjusted the positive reserve in equity to the closing price of the market at 12/31/2014 for an amount of EUR 512,333.48;
- Digital Magics (evaluation method: market price) there was adjusted the negative reserve of shareholders' equity based on the closing market price at 12/31/2014 amounting to € 41,022.18:
- United Ventures One (evaluation method: NAV) there was adjusted the reserve of negative equity on the basis of the latest available NAV for an amount of € 70,389.64;
- Symbid Corp (evaluation method: recent market transactions) there was entered a negative reserve of shareholders' equity on the basis of recent market transactions completed on the trading market in the month of December 2014 for an amount of 42,551.52 euro.

It should be noted that, during the year 2014, there were increased investments in Compagnie Financière Martin Maurel, United Ventures One and Veneto Banca and stakes were taken in H-Farm Ventures, Siparex Investimenti 2 and Symbid Corp. There have instead been carried out the total sales of investments in SIA, Intesa Sanpaolo, Istifid and partial sales of shareholdings in Gruppo Mutuionline and United Ventures One (C shares).

Pertaining to the banking group

Items / Values	12/31/2014			12/31/2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt	2,132,617	7,034	55	979,476	17,731	55
1.1 Structured securities	3,413	-	-	-	-	-
1.2 Other debt securities	2,129,204	7,034	55	979,476	17,731	55
2. Equities	3,716	-	43,164	3,365	-	42,254
2.1 Measured at fair value	3,716	-	1,321	3,120	-	245
2.2 Rated cost	-	-	41,843	245	-	42,009
3. Mutual funds	19,442	-	1,426	4,281	-	680
4. Loans	-	-	2,146	-	-	2,754
Total	**2,155,775**	**7,034**	**46,791**	**987,122**	**17,731**	**45,743**

Pertaining to insurance companies

Items / Values	12/31/2014			12/31/2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt	616,282	2,467	-	264,660	7,698	-
1.1 Structured securities	3,615	2,467	-	-	7,698	-
1.2 Other debt securities	612,667	-	-	264,660	-	-
2. Equities	-	-	-	-	-	-
2.1 Measured at fair value	-	-	-	-	-	-
2.2 Rated cost	-	-	-	-	-	-
3. Mutual funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
Total	**616,282**	**2,467**	**-**	**264,660**	**7,698**	**-**

4.2 Financial assets available for sale: breakdown by debtors / issuers

Items / Values	12/31/2014	12/31/2013
1. Debt	**2,758,455**	**1,269,620**
a) Governments and central banks	2,499,056	1,149,771
b) Other public bodies	11,315	2,400
c) Banks	178,204	99,801
d) Other issuers	69,880	17,648
2. Equities	**46,880**	**45,619**
a) Banks	26,349	30,080
b) Other issuers:	20,531	15,539
- insurance companies	-	-
- financial companies	17,259	13,978
- non-financial	776	924
- other	2,496	637
3. Mutual funds	**20,868**	**4,961**
4. Loans	**2,146**	**2,754**
a) Governments and central banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other	2,146	2,754
Total	**2,828,349**	**1,322,954**

Pertaining to the banking group

Items / Values		12/31/2014	12/31/2013
1. Debt		**2,139,706**	**997,262**
a) Governments and central banks		1,986,758	907,855
b) Other public bodies		-	-
c) Banks		117,416	81,863
d) Other issuers		35,532	7,544
2. Equities		**46,880**	**45,619**
a) Banks		26,349	30,080
b) Other issuers:		20,531	15,539
- Insurance companies		-	-
- Financial companies		17,259	13,978
- Non-financial		776	924
- Other		2,496	637
3. Mutual funds		**20,868**	**4,961**
4. Loans		**2,146**	**2,754**
a) Governments and central banks		-	-
b) Other public bodies		-	-
c) Banks		-	-
d) Other		2,146	2,754
	Total	**2,209,600**	**1,050,596**

Pertaining to insurance companies

Items / Values		12/31/2014	12/31/2013
1. Debt		**618,749**	**272,358**
a) Governments and central banks		512,298	241,916
b) Other public bodies		11,315	2,400
c) Banks		60,788	17,938
d) Other issuers		34,348	10,104
2. Equities		**-**	**-**
a) Banks		-	-
b) Other issuers:		-	-
- insurance companies		-	-
- financial companies		-	-
- non-financial		-	-
- other		-	-
3. Mutual funds		**-**	**-**
4. Loans		**-**	**-**
a) Governments and central banks		-	-
b) Other public bodies		-	-
c) Banks		-	-
d) Other		-	-
	Total	**618,749**	**272,358**

4.4 Financial assets available for sale: annual changes

	Debt securities	Equity securities	Mutual funds	Loans	Total
A. Opening	**1,269,620**	**45,619**	**4,961**	**2,754**	**1,322,954**
B. Increases	**2,438,474**	**7,299**	**16,196**	**-**	**2,461,969**
B.1 Purchases	1,846,850	6,305	15,868	-	1,869,023
B.2 Positive changes in fair value	68,331	296	328	-	68,955
B.3 Write-backs	-	13	-	-	13
- Recognized in the income statement	-	x	-	-	-
- Recognized in equity	-	13	-	-	13
B4. Transfers from other portfolios	497,049	-	-	-	497,049
B.5 Other changes	26,244	685	-	-	26,929
C. Decreases	**949,639**	**6,038**	**288**	**608**	**956,573**
C.1 Sales	796,770	1,509	-	-	798,279
C.2 Refunds	141,418	-	-	-	141,418
C.3 Negative changes in fair value	2,235	386	288	-	2,909
C.4 Writedowns for impairment	-	3,466	-	600	4,066
- Recognized in the income statement	-	3,466	-	600	4,066
- Recognized in equity	-	-	-	-	-
C.5 Transfers to other portfolios	-	-	-	-	-
C.6 Other changes	9,216	677	-	8	9,901
D. Closing	**2,758,455**	**46,880**	**20,869**	**2,146**	**2,828,349**

Section 5 - Financial assets held to maturity - Item 50

5.1 Financial assets held to maturity: breakdown

	Total 12/31/2014				Total 12/31/2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt	-	-	-	-	1,213,269	1,274,735	-	-
- Structured	-	-	-	-	-	-	-	-
- Other	-	-	-	-	1,213,269	1,274,735	-	-
2. Loans	-	-	-	-	-	-	-	-

Legend: FV= fair value BV= book value

For more information on the methodologies used to determine fair value, see the information provided in Part A - Accounting policies of these Explanatory Notes.

The Board of Directors of Banca Sella Holding in an extraordinary session on 17 July 2014, and therefore the other companies in the Group, resolved to proceed with the sale of a significant portion of the portfolio of Financial assets held to maturity. The decision is aimed at anticipating, thanks to the capital gains realized, the strengthening of the Group's capital, as provided by the recent regulatory changes (Basel III) and was also held to be consistent with recent trends in Euro interest rates which reached very low levels and that could go up if the European economy were to improve, driven by the recovery in the US (which is accompanying a progressive withdrawal of monetary stimulus by the Federal Reserve - tapering -).

The sale of a significant portion of the portfolio of Financial assets held to maturity implies, according to IAS, the application of the so-called tainting rule provides that it is impossible to reuse this portfolio for two years and the obligation to reclassify the residue portfolio in the portfolio Financial assets available for sale.

Pertaining to the banking group

	Total 12/31/2014				Total 12/31/2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt	-	-	-	-	1,011,950	1,067,050	-	-
- structured	-	-	-	-	-	-	-	-
- other	-	-	-	-	1,011,950	1,067,050	-	-
2. Loans	-	-	-	-	-	-	-	-

Di pertinenza delle imprese di assicurazione

	Total 12/31/2014				Total 12/31/2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt	-	-	-	-	201,319	207,685	-	-
- structured	-	-	-	-	-	-	-	-
- other	-	-	-	-	201,319	207,685	-	-
2. Loans	-	-	-	-	-	-	-	-

5.2 Financial assets held to maturity: debtors / issuers

Type of transaction / Values	12/31/2014	12/31/2013
1. Debt	**-**	**1,213,269**
a) Governments and central banks	-	1,213,269
b) Other public bodies	-	-
c) Banks	-	-
d) Other issuers	-	-
2 Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other	-	-
Total	**-**	**1,213,269**
Total FV	**-**	**1,274,735**

Pertaining to the banking group

Type of transaction / Values	12/31/2014	12/31/2013
1. Debt	**-**	**1,011,950**
a) Governments and central banks	-	1,011,950
b) Other public bodies	-	-
c) Banks	-	-
d) Other issuers	-	-
2 Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other	-	-
Total	**-**	**1,011,950**
Total FV	**-**	**1,067,050**

Pertaining to insurance companies

Type of transaction / Values	12/31/2014	12/31/2013
1. Debt	**-**	**201,319**
a) Governments and central banks	-	201,319
b) Other public bodies	-	-
c) Banks	-	-
d) Other issuers	-	-
2 Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public bodies	-	-
c) Banks	-	-
d) Other	-	-
Total	**-**	**201,319**
Total FV	**-**	**207,685**

5.4 Financial assets held to maturity: annual changes

	Debt securities	Loans	Total
A. Opening	**1,213,269**	**-**	**1,213,269**
B. Increases	**103,192**	**-**	**103,192**
B.1 Purchases	-	-	-
B.2 Write-backs	-	-	-
B.3 Transfers from other portfolios	-	-	-
B.4 Other	103,192	-	103,192
C. Decreases	**1,316,461**	**-**	**1,316,461**
C.1 Sales	800,219	-	800,219
C.2 Refunds	1,350	-	1,350
C.3 Writedowns	-	-	-
C.4 Transfers to other portfolios	497,049	-	497,049
C.5 Other changes	17,843	-	17,843
D. Closing	**-**	**-**	**-**

Pertaining to the banking group

	Debt securities	Loans	Total
A. Opening	**1,011,950**	**-**	**1,011,950**
B. Increases	**103,192**	**-**	**103,192**
B.1 Purchases	-	-	-
B.2 Write-backs	-	-	-
B.3 Transfers from other portfolios	-	-	-
B.4 Other	103,192	-	103,192
C. Decreases	**1,115,142**	**-**	**1,115,142**
C.1 Sales	770,537	-	770,537
C.2 Refunds	1,350	-	1,350
C.3 Writedowns	-	-	-
C.4 Transfers to other portfolios	325,412	-	325,412
C.5 Other changes	17,843	-	17,843
D. Closing	**-**	**-**	**-**

Pertaining to insurance companies

	Debt securities	Loans	Total
A. Opening	**201,319**	**-**	**201,319**
B. Increases	**-**	**-**	**-**
B.1 Purchases	-	-	-
B.2 Write-backs	-	-	-
B.3 Transfers from other portfolios	-	-	-
B.4 Other	-	-	-
C. Decreases	**201,319**	**-**	**201,319**
C.1 Sales	29,682	-	29,682
C.2 Refunds	-	-	-
C.3 Writedowns	-	-	-
C.4 Transfers to other portfolios	171,637	-	171,637
C.5 Other changes	-	-	-
D. Closing	**-**	**-**	**-**

Section 6 - Due from banks - Item 60

6.1 Due from banks: breakdown

Type of transaction / Values	Total 12/31/2014				Total 12/31/2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Claims on central banks	**934,840**	**-**	**-**	**934,840**	**52,442**	**-**	**-**	**52,442**
1. Time deposits	-	X	X	X	-	X	X	X
2. Compulsory reserves	934,840	X	X	X	52,442	X	X	X
3. Repurchase agreements	-	X	X	X	-	X	X	X
4. Other	-	X	X	X	-	X	X	X
B. Due from banks	**275,076**	**-**	**19,358**	**255,643**	**285,915**	**-**	**19,229**	**266,879**
1. Loans	255,643	-	-	255,643	266,879	-	-	266,879
1.1 Current accounts and demand deposits	126,484	X	X	X	155,515	X	X	X
1.2 Time deposits	6,847	-	-	-	8,829	-	-	-
1.3 Other loans:	122,312	X	X	X	102,535	X	X	X
- Repurchase agreements	10,414	X	X	X	11,294	X	X	X
- Financial leasing	-	X	X	X	413	X	X	X
- Other	111,898	X	X	X	90,828	X	X	X
2. Debt	19,433	-	19,358	-	19,036	-	19,229	-
2.1 Structured securities	19,433	X	X	X	19,036	X	X	X
2.2 Other debt securities	-	X	X	X	-	X	X	X
Total	**1,209,916**	**-**	**19,358**	**1,190,483**	**338,357**	**-**	**19,229**	**319,321**

Legend: FV= fair value BV= book value

Loans to banks are almost entirely attributable to Banca Sella Holding (88.8%), falling under other funding are currency accounts and other receivables and payables to institutional counterparties.
The increase in the balance of reserve requirement at 12/31/2014 compared to 12/31/2013 stems from the desire to deposit the major part of the cash availability of the treasury at the central bank, thus limiting in this sense both capital requirements, and the possible effects on the supply of liquidity regulation (since free deposit at the Central Bank is the form of asset distinguished by the best characteristics of ready liquidity).

Pertaining to the banking group

Type of transaction / Values	Total 12/31/2014				Total 12/31/2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Claims on central banks	**934,840**	**-**	**-**	**934,840**	**52,442**	**-**	**-**	**52,442**
1. Time deposits	-	X	X	X	-	X	X	X
2. Compulsory reserves	934,840	X	X	X	52,442	X	X	X
3. Repurchase agreements	-	X	X	X	-	X	X	X
4. Other	-	X	X	X	-	X	X	X
B. Due from banks	**264,273**	**-**	**9,819**	**254,634**	**274,305**	**-**	**9,680**	**264,938**
1. Loans	254,634	-	-	254,634	264,938	-	-	264,938
1.1 Current accounts and demand deposits	125,475	X	X	X	153,574	X	X	X
1.2 Time deposits	6,847	-	-	-	8,829	-	-	-
1.3 Other loans:	122,312	X	X	X	102,535	X	X	X
- Repurchase agreements	10,414	X	X	X	11,294	X	X	X
- Financial leasing	-	X	X	X	413	X	X	X
- Other	111,898	X	X	X	90,828	X	X	X
2. Debt	9,639	-	9,819	-	9,367	-	9,680	-
2.1 Structured securities	9,639	X	X	X	9,367	X	X	X
2.2 Other debt securities	-	X	X	X	-	X	X	X
Total	**1,199,113**	**-**	**9,819**	**1,189,474**	**326,747**	**-**	**9,680**	**317,380**

Legend: FV= fair value BV= book value

Pertaining to insurance companies

Type of transaction/Values	Total 12/31/2014				Total 12/31/2013			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Claims on central banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Time deposits	-	X	X	X	-	X	X	X
2. Compulsory reserves	-	X	X	X	-	X	X	X
3. Repurchase agreements	-	X	X	X	-	X	X	X
4. Other	-	X	X	X	-	X	X	X
B. Due from banks	**10,803**	**-**	**9,539**	**1,009**	**11,610**	**-**	**9,549**	**1,941**
1. Loans	1,009	-	-	1,009	1,941	-	-	1,941
1.1 Current accounts and demand deposits	1,009	X	X	X	1,941	X	X	X
1.2 Time deposits	-	-	-	-	-	-	-	-
1.3 Other loans:	-	X	X	X	-	X	X	X
- Repurchase agreements	-	X	X	X	-	X	X	X
- Financial leasing	-	X	X	X	-	X	X	X
- Other	-	X	X	X	-	X	X	X
2. Debt	9,794	-	9,539	-	9,669	-	9,549	-
2.1 Structured securities	9,794	X	X	X	9,669	X	X	X
2.2 Other debt securities	-	X	X	X	-	X	X	X
Total	**10,803**	**-**	**9,539**	**1,009**	**11,610**	**-**	**9,549**	**1,941**

Legend: FV= fair value BV= book value

Section 7 - Loans to customers - Item 70

7.1 Loans to customers: breakdown

Type of transaction/Values	Total 12/31/2014						Total 12/31/2013					
	Book value			Fair Value			Book value			Fair Value		
		Impaired						Impaired				
	Bonis	Purchased	Other	L1	L2	L3	Bonis	Purchased	Other	L1	L2	L3
Loans	**7,359,373**	**-**	**701,847**	**-**	**-**	**8,214,595**	**7,668,887**	**-**	**646,436**	**-**	**-**	**8,427,823**
1. Current accounts	934,792	-	150,790	X	X	X	972,842	-	147,712	X	X	X
2. Repurchase agreements	64,741	-	-	X	X	X	107,134	-	-	X	X	X
3. Mortgages	3,325,798	-	281,996	X	X	X	3,406,144	-	222,069	X	X	X
4. Credit cards, personal loans and salary-backed loans	1,208,539	-	51,829	X	X	X	1,231,702	-	75,624	X	X	X
5. Financial leasing	849,426	-	90,280	X	X	X	886,869	-	83,361	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	976,077	-	126,952	X	X	X	1,064,196	-	117,670	X	X	X
Debt securities	**212**	**-**	**-**	**-**	**212**	**-**	**212**	**-**	**-**	**-**	**212**	**-**
8. Structured Notes	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt	212	-	-	X	X	X	212	-	-	X	X	X
Total	**7,359,585**	**-**	**701,847**	**-**	**212**	**8,214,595**	**7,669,099**	**-**	**646,436**	**-**	**212**	**8,427,823**

By analyzing the composition of loans to customers one will notice a general contraction of all the components of loans to customers, in particular the amount of mortgage loans decreased slightly compared to last year, due to the slowdown in demand by customers. The item “other funding” includes deposits, the items of current accounts with ordinary customers and other subsidy assets not settled via current accounts with ordinary customers.

Pertaining to the banking group

Type of transaction/Values	Total 12/31/2014						Total 12/31/2013					
	Book value			Fair Value			Book value			Fair Value		
		Impaired						Impaired				
	Bonis	Purchased	Other	L1	L2	L3	Bonis	Purchased	Other	L1	L2	L3
Loans	**7,359,099**	**-**	**701,847**	**-**	**-**	**8,214,321**	**7,668,678**	**-**	**646,436**	**-**	**-**	**8,427,614**
1. Current accounts	934,792	-	150,790	X	X	X	972,842	-	147,712	X	X	X
2. Repurchase agreements	64,741	-	-	X	X	X	107,134	-	-	X	X	X
3. Mortgages	3,325,798	-	281,996	X	X	X	3,406,144	-	222,069	X	X	X
4. Credit cards, personal loans and salary-backed loans	1,208,539	-	51,829	X	X	X	1,231,702	-	75,624	X	X	X
5. Financial leasing	849,426	-	90,280	X	X	X	886,869	-	83,361	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	975,803	-	126,952	X	X	X	1,063,987	-	117,670	X	X	X
Debt securities	**212**	**-**	**-**	**-**	**212**	**-**	**212**	**-**	**-**	**-**	**212**	**-**
8. Structured Notes	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt	212	-	-	X	X	X	212	-	-	X	X	X
Total	**7,359,311**	**-**	**701,847**	**-**	**212**	**8,214,321**	**7,668,890**	**-**	**646,436**	**-**	**212**	**8,427,614**

Pertaining to insurance companies

Type of transaction/Values	Total 12/31/2014						Total 12/31/2013					
	Book value			Fair Value			Book value			Fair Value		
		Impaired						Impaired				
	Bonis	Purchased	Other	L1	L2	L3	Bonis	Purchased	Other	L1	L2	L3
Loans	**274**	**-**	**-**	**-**	**-**	**274**	**209**	**-**	**-**	**-**	**-**	**209**
1. Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
2. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
3. Mortgages	-	-	-	X	X	X	-	-	-	X	X	X
4. Credit cards, personal loans and salary-backed loans	-	-	-	X	X	X	-	-	-	X	X	X
5. Financial leasing	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	274	-	-	X	X	X	209	-	-	X	X	X
Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
8. Structured Notes	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt	-	-	-	X	X	X	-	-	-	X	X	X
Total	**274**	**-**	**-**	**-**	**-**	**274**	**209**	**-**	**-**	**-**	**-**	**209**

7.2 Loans to customers: breakdown by borrower / issuer

Type of transaction/Values	12/31/2014			12/31/2013		
	Bonis	Impaired		Bonis	Impaired	
		Purchased	Other		Purchased	Other
1. Debt Securities	**212**	**-**	**-**	**212**	**-**	**-**
a) Governments	-	-	-	-	-	-
b) Other public bodies	-	-	-	-	-	-
c) Other issuers	212	-	-	212	-	-
- non-financial	-	-	-	-	-	-
- financial companies	212	-	-	212	-	-
- insurance	-	-	-	-	-	-
- other	-	-	-	-	-	-
2. Loans to:	**7,359,373**	**-**	**701,847**	**7,668,887**	**-**	**646,436**
a) Governments	567	-	-	1,168	-	-
b) Other public bodies	15,017	-	48	16,351	-	25
c) Others	7,343,789	-	701,799	7,651,368	-	646,411
- non-financial	3,779,514	-	507,461	4,051,293	-	445,081
- financial companies	213,203	-	2,246	219,434	-	3,940
- insurance	61	-	-	38	-	-
- other	3,351,011	-	192,092	3,380,603	-	197,390
Total	**7,359,585**	**-**	**701,847**	**7,669,099**	**-**	**646,436**

Pertaining to the banking group

Type of transaction/Values	12/31/2014			12/31/2013		
	Bonis	Impaired		Bonis	Impaired	
		Purchased	Other		Purchased	Other
1. Debt Securities	**212**	**-**	**-**	**212**	**-**	**-**
a) Governments	-	-	-	-	-	-
b) Other public bodies	-	-	-	-	-	-
c) Other issuers	212	-	-	212	-	-
- non-financial	-	-	-	-	-	-
- financial companies	212	-	-	212	-	-
- insurance	-	-	-	-	-	-
- other	-	-	-	-	-	-
2. Loans to:	**7,359,099**	**-**	**701,847**	**7,668,678**	**-**	**646,436**
a) Governments	567	-	-	1,168	-	-
b) Other public bodies	15,017	-	48	16,351	-	25
c) Others	7,343,515	-	701,799	7,651,159	-	646,411
- non-financial	3,779,513	-	507,461	4,051,292	-	445,081
- financial companies	213,203	-	2,246	219,434	-	3,940
- insurance	48	-	-	25	-	-
- other	3,350,751	-	192,092	3,380,408	-	197,390
Total	**7,359,311**	**-**	**701,847**	**7,668,890**	**-**	**646,436**

Pertaining to insurance companies

Type of transaction/Values	12/31/2014			12/31/2013		
	Bonis	Impaired		Bonis	Impaired	
		Purchased	Other		Purchased	Other
1. Debt Securities	**-**	**-**	**-**	**-**	**-**	**-**
a) Governments	-	-	-	-	-	-
b) Other public bodies	-	-	-	-	-	-
c) Other issuers	-	-	-	-	-	-
- non-financial	-	-	-	-	-	-
- financial companies	-	-	-	-	-	-
- insurance	-	-	-	-	-	-
- other	-	-	-	-	-	-
2. Loans to:	**274**	**-**	**-**	**209**	**-**	**-**
a) Governments	-	-	-	-	-	-
b) Other public bodies	-	-	-	-	-	-
c) Others	274	-	-	209	-	-
- non-financial	1	-	-	1	-	-
- financial companies	-	-	-	-	-	-
- insurance	13	-	-	13	-	-
- other	260	-	-	195	-	-
Total	**274**	**-**	**-**	**209**	**-**	**-**

7.4 Loans to customers: financial leasing

Time bands	Impaired loans	Minimum payments			Gross investment	
		Share capital		Share of interests		
			Of which guaranteed residual value			*of which unguaranteed residual value*
Within 1 year	43,386	172,606	-	34,455	252,488	8,088
Between one year and five years	18,953	395,776	-	33,410	447,479	16,581
Over 5 years	27,941	281,044	-	55,582	363,824	53,820
Total	**90,280**	**849,426**	**-**	**123,447**	**1,063,791**	**78,489**

Data relating to finance leases are in their entirety attributable to the banking group, namely the companies Consel and Biella Leasing. The following is a general description of the lessor's material leasing arrangements.

The type of lease contracts of Biella Leasing falls under the category of finance lease: with this contract the user requests the grantor to buy, or have manufactured, goods from a manufacturer or supplier, in order to use it in enjoyment against the payment of the rental payments contractually provided and developed in a financial plan with a fixed installment payment plan. The contract normally provides for, over the value of the property, the amount of the lease payments, duration, any advance and, at the end of the lease, the capability for a user to become owner of the property enjoyed by the redemption option. In order to make the option of redemption a natural continuation of the lease itself, the financial plan type of leasing contracts is structured in such a way that it is beneficial to the customers exercising this option, thus minimizing the risk and not burdening the management with a stock of unredeemed goods.

The finance lease contracts entered into by Consel in 2014 were entirely fixed rate. The type of clientele consists mainly of professionals, small and medium enterprises, and only marginally by individuals. In 2014 Consel funded 2 million Euros with an average funding amounting to 25,000 euro. The goods financed fall within the segment of vehicle leasing. The potential lease payments are that part of the leasing payments subjected to conditions depending on factors other than the financial value of the time such as the remaining payments indexed to parameters such as the fluctuation of interest rates.

Section 8 - Hedging derivatives - Item 80

8.1 Hedging derivatives: breakdown by type of hedge and level

	FV 12/31/2014			NV 12/31/2014	FV 12/31/2013			NV 12/31/2013
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives								
1) Fair value	-	14,749	-	272,774	-	16,937	-	360,707
2) Cash flow	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B) Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flow	-	-	-	-	-	-	-	-
Total	**-**	**14,749**	**-**	**272,774**	**-**	**16,937**	**-**	**360,707**

NV= notional value
L1= Level 1
L2= Level 2
L3= Level 3

The item is in its totality pertains to the banking group.

For more information on the methodologies used to determine fair value, see the information provided in Part A - Accounting policies of these Explanatory Notes.

8.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge (book value)

Operations / Type coverage	Fair value						Flussi finanziari		Foreign investements
	Specification					Generic	Specific	Generic	
	interest rate risk	foreign exchange	credit risk	price risk	other risks				
1. Financial assets available for sale	-	-	-	-	-	x	-	x	x
2. Loans	-	-	-	x	-	x	-	x	x
3. Financial assets held to maturity	x	-	-	x	-	x	-	x	x
4. Portfolio	x	x	x	x	x	-	x	-	x
5. Other transactions	-	-	-	-	-	x	-	x	-
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	14,749	-	-	x	-	x	-	x	x
2. Portfolio	x	x	x	x	x	-	x	-	x
Total liabilities	**14,749**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	x	x	x	x	x	x	-	x	x
2. Portfolio of financial assets and liabilities	x	x	x	x	x	-	x	-	-

The amount refers to the fair value of the IRS (interest rate swaps) coverage of the bonds issued by the Group banks.

Section 9 - Fair value change of financial assets hedging - Item 90

9.1 Fair value of hedged assets: breakdown by hedged portfolio

Fair value of hedged assets / Values	12/31/2014	12/31/2013
1. Positive	**150,588**	**110,873**
1.1 of specific portfolios:	150,588	110,873
a) loans	150,588	110,873
b) financial assets available for sale	-	-
1.2 Total	-	-
2. Negative adjustment	**-**	**-**
2.1 of specific portfolios:	-	-
a) loans	-	-
b) financial assets available for sale	-	-
2.2 Total	-	-
Total	**150,588**	**110,873**

The item in its totality pertains to the banking group.

Within the Group there has been adopted a model of coverage of interest rate risk of fixed-rate loans based on macro fair value hedge. Consequently, this item includes the change in fair value relating to the loan portfolio of loans covered.

9.2 Assets hedged for interest rate risk

Assets covered	12/31/2014	12/31/2013
1. Loans	1,737,829	1,768,431
2. Financial assets available for sale	-	-
3. Portfolio	-	-
Total	**1,737,829**	**1,768,431**

The amount refers to the fair value of loans covered by IRS (interest rate swap) consisting of the following types:

- Mortgages
- Financial leasing
- Credit cards, personal loans and salary-backed loans

Section 10 - Equity investments - Item 100

10.1 Equity investments: information on investments

Company name	Registered and operational office	Type of relationship	Investment relationship		% Voting rights
			Shareholding company	% Share%	
B. Imprese sottoposte a influenza notevole					
MARTIN MAUREL SELLA BANQUE PRIVEE S.A.M.	Principality of Monaco	significant influence	Finanziaria 2010 S.p.A.	45.0000%	-
INCHIARO ASSICURAZIONI S.P.A.	Rome	significant influence	CBA Vita S.p.A.	49.0000%	-
DPIXEL S.R.L.	Biella	significant influence	Banca Sella Holding S.p.A.	40.0000%	-
S.C.P. VDP1	Principality of Monaco	significant influence	Banca Sella Holding S.p.A.	29.0000%	-
HI-MTF SIM S.P.A.	Milan	significant influence	Banca Sella Holding S.p.A.	25.0000%	-
ENERSEL S.P.A.	Biella	significant influence	Banca Sella Holding S.p.A.	18.2982%	-

The column concerning the voting rights was not assessed, as permitted by the third update of 22 December 2014 circular 262/05, since they coincide with the shareholding percentage.

10.2 Significant Shareholdings: book value, fair value and dividends received

Company name	Book value	Fair value	Dividends received
B. Companies subject to significant influence			
MARTIN MAUREL SELLA BANQUE PRIVEE S.A.M.	7,917	7,917	-
INCHIARO ASSICURAZIONI S.P.A.	5,050	5,050	-
DPIXEL S.R.L.	265	265	-
S.C.P. VDP1	566	566	-
HI-MTF SIM S.P.A.	1,503	1,503	-
ENERSEL S.P.A.	298	298	10
Total	**15,599**	**15,599**	**10**

10.3 Significant Shareholdings: accounting information

part.1

Company name	Cash and cash equivalents	Financial assets	Non- financial assets	Financial liabilities	Non-financial liabilities	Total revenues	Net interest income
B. Companies subject to significant influence							
MARTIN MAUREL SELLA BANQUE PRIVEE S.A.M.	X	174,235	5,217	157,605	4,252	9,182	X
INCHIARO ASSICURAZIONI S.P.A.	X	39,072	4,313	35,808	2,305	19,633	X
DPIXEL S.R.L.	X	-	547	-	235	292	X
S.C.P. VDP1	X	2	4,745	2,792	3	143	X
HI-MTF SIM S.P.A.	X	6,342	316		648	3,036	X

10.3 Significant Shareholdings: accounting information

part.2

Company name	Adjustments and write-backs on tangible and intangible assets	Profit (loss) from continuing operations before tax	Profit (loss) from ordinary activities after tax	Profit (loss) on assets held for sale, net of tax	Profit (loss) for the year (1)	Other comprehensive income, net of tax (2)	Comprehensive income (3) = (1) + (2)
B. Imprese sottoposte a influenza notevole							
MARTIN MAUREL SELLA BANQUE PRIVEE S.A.M.	X	1,628	731	-	731	-	731
INCHIARO ASSICURAZIONI S.P.A.	X	2,773	1,773	-	1,773	-	1,773
DPIXEL S.R.L.	X	(40)	(43)	-	(43)	-	(43)
S.C.P. VDP1	X	(3)	(3)	-	(3)	-	(3)
HI-MTF SIM S.P.A.	X	608	386	-	386	-	386

As required by the 3rd update of Circ. 262/05 there is shown in the bottom of the table the reconciliation of the accounting information and the carrying value of investments:

Denominazioni	Equity	Percentage interest	Equity attributable	Start	Other items	Book value
A. Companies carried at equity						
A.2 sottoposte a influenza notevole						
MARTIN MAUREL SELLA BANQUE PRIVEE S.A.M.	17,594	45.00%	7,917	-	-	7,917
INCHIARO ASSICURAZIONI S.P.A.	10,306	49.00%	5,050	-	-	5,050
DPIXEL S.R.L.	663	40.00%	265	-	-	265
S.C.P. VDP1	1,953	29.00%	566	-	-	566
HI-MTF SIM S.P.A.	6,010	25.00%	1,503	-	-	1,503
ENERSEL S.P.A.	1,626	18.30%	298	-	-	298
Total	**38,152**		**15,599**	**-**	**-**	**15,599**

10.4 Non-significant equity investments

Company name	Book value of investments	Total assets	Total liabilities	Total earnings	Profit (loss) from orrindary activities after tax	Profit (Loss) on continuing operations net of tax	Profit (loss) for the year (1)	Altre componenti reddituali al netto delle imposte (2)	Total income (3) = (1)+(2)
B. Companies subject to signif. influence									
ENERSEL S.P.A.	298	2,211	682	588	335	234	234	-	234

10.5 Equity investments: annual change

	Banking group	Insurance companies	Other companies	Total 12/31/2014	Total 12/31/2013
A. Opening	**9,870**	**3,488**	**-**	**13,358**	**13,032**
B. Increases	**815**	**1,562**	**-**	**2,377**	**326**
B.1 Purchases	400	-	-	400	-
B.2 Write-backs	-	1,562	-	1,562	98
B.3 Revaluations	415	-	-	415	228
B.4 Other	-	-	-	-	-
C. Decreases	**136**	**-**	**-**	**136**	**-**
C.1 Sales	-	-	-	-	-
C.2 Adjustments	135	-	-	135	-
C.4 Other changes	1	-	-	1	-
D. Closing	**10,549**	**5,050**	**-**	**15,599**	**13,358**
E. Total revaluations	**4,175**	**-**	**-**	**4,175**	**3,760**
F. Total adjustments	**149**	**1,579**	**-**	**1,728**	**3,154**

Acquisitions refer to the purchase of shares in dPixel Srl, for 0.4 million euro.

Section 11 - Insurance reserves attributable to reinsurers - Item 110

11.1 Riserve tecniche a carico dei riassicuratori: composizione

	12/31/2014	12/31/2013
A. Non-life (damage)	**571**	**705**
A1. Premium reserves	90	136
A2. Claims reserve	79	85
A3. Other reserves	402	484
B. Life insurance	**3,062**	**2,928**
B1. Mathematical reserves	2,172	2,352
B2. Reserves for outstanding claims	759	560
B3. Other reserves	131	16
C. Technical reserves where the investment risk is borne by policyholders	**-**	**-**
C1. Reserves for contracts whose benefits are linked to investment funds and market indices	-	-
C2. Relating to the administration of pension funds	-	-
D. Total technical reserves attributable to reinsurers	**3,633**	**3,633**

11.2 Change in item 110 "Insurance reserves attributable to reinsurers "

	12/31/2014
Opening	**3,633**
A. Non-life	**(134)**
A.1 premium reserves	(46)
A.2 claims reserves	(6)
A.3 other reserves	(82)
B. Life insurance	**134**
B.1 mathematical reserves	(180)
B.2 reserves for amounts payable	199
B.3 other reserves	115
C. Technical reserves where the investment risk is supported by policyholders	**-**
C.1 reserves for contracts whose benefits are linked funds investment and market indices	-
C.2 reserves from pension fund management	-
D. Total technical reserves attributable to reinsurers	**3,633**

Section 12 - Tangible assets - Item 120

12.1 Property and equipment used in operations: breakdown of assets measured at cost

Assets/Values	Total 12/31/2014	Total 12/31/2013
1.1 Owned assets	**167,526**	**162,665**
a) land	32,764	30,945
b) buildings	107,006	105,962
c) furniture	2,244	2,298
d) electronic systems	10,342	8,899
e) other	15,170	14,561
1.2 Assets purchased under finance leases	**288**	**1,023**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	288	1,023
Total	**167,814**	**163,688**

Pertaining to the banking group

Assets/Values	Total 12/31/2014	Total 12/31/2013
1.1 Owned assets	**167,501**	**162,629**
a) land	32,764	30,945
b) buildings	107,006	105,962
c) furniture	2,242	2,296
d) electronic systems	10,319	8,876
e) other	15,170	14,550
1.2 Assets purchased under finance leases	**288**	**1,023**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	288	1,023
Total	**167,789**	**163,652**

Pertaining to insurance companies

Assets/Values	Total 12/31/2014	Total 12/31/2013
1.1 Owned assets	**25**	**36**
a) land	-	-
b) buildings	-	-
c) furniture	2	2
d) electronic systems	23	23
e) other	-	11
1.2 Assets purchased under finance leases	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	-	-
Total	**25**	**36**

12.2 Tangible assets held for investment: breakdown of assets measured at cost

Assets/Values	Total 12/31/2014				Total 12/31/2013			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned assets	**39,634**	**-**	**2,080**	**52,501**	**37,704**	**-**	**-**	**52,139**
a) land	17,082	-	554	21,192	16,400	-	-	20,931
b) buildings	22,552	-	1,526	31,309	21,304	-	-	31,208
2. Assets acquired under finance lease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	**39,634**	**-**	**2,080**	**52,501**	**37,704**	**-**	**-**	**52,139**

Tangible assets held for investment are in their entirety attributable to the banking group.
The fair value is calculated based on the values for the last available surveys carried out by external experts.

12.5 Property and equipment used in operations: annual changes

Asset / Value	Lands	Buildings	Furniture	Electronic	Other	Total
A. Initial gross	**30,945**	**144,479**	**23,114**	**123,461**	**77,829**	**399,828**
A.1 Total net writedowns	-	(38,517)	(20,816)	(114,562)	(62,245)	(236,140)
A.2 Opening net	**30,945**	**105,962**	**2,298**	**8,899**	**15,584**	**163,688**
B. Increases	**2,039**	**5,673**	**582**	**6,526**	**5,650**	**20,470**
B.1 Purchases	1,704	5,573	574	6,441	4,984	19,276
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognized in:	-	-	-	-	-	-
- A) equity	-	-	-	-	-	-
- B) income statement	-	-	-	-	-	-
B.5 Positive exchange	-	-	2	15	1	18
B.6 Transfers from property held for	288	99	-	-	-	387
B.7 Other changes in vision	47	1	6	70	665	789
C. Decreases	**220**	**4,629**	**636**	**5,083**	**5,776**	**16,344**
C.1 Sales	-	-	-	55	666	721
C.2 Depreciation	-	4,175	625	4,944	5,092	14,836
C.3 Writedowns for impairment booked to:	-	-	-	-	-	-
- A) equity	-	-	-	-	-	-
- B) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value recognized in:	-	-	-	-	-	-
- A) equity	-	-	-	-	-	-
- B) income statement	-	-	-	-	-	-
C.5 Negative exchange differences	2	5	-	-	-	7
C.6 Transfers to:	218	379	-	-	-	597
- A) tangible assets held for investment	218	379	-	-	-	597
- B) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	70	11	84	18	183
D. Closing net	**32,764**	**107,006**	**2,244**	**10,342**	**15,458**	**167,814**
D.1 Total net writedowns	-	(42,820)	(21,514)	(113,670)	(66,551)	(244,555)
D.2 Gross closing balance	**32,764**	**149,826**	**23,758**	**124,012**	**82,009**	**412,369**
E. Measurement at cost	-	-	-	-	-	-

Pertaining to the banking group

Asset / Value	Lands	Buildings	Furniture	Electronic	Other	Total
A. Initial gross	**30,945**	**144,479**	**22,994**	**122,996**	**77,628**	**399,042**
A.1 Total net writedowns	-	(38,517)	(20,698)	(114,120)	(62,055)	(235,390)
A.2 Opening net	**30,945**	**105,962**	**2,296**	**8,876**	**15,573**	**163,652**
B. Increases	**2,039**	**5,673**	**577**	**6,473**	**5,650**	**20,412**
B.1 Purchases	1,704	5,573	574	6,427	4,984	19,262
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognized in:	-	-	-	-	-	-
- A) equity	-	-	-	-	-	-
- B) income statement	-	-	-	-	-	-
B.5 Positive exchange	-	-	2	15	1	18
B.6 Transfers from property held for investment purposes	288	99	-	-	-	387
B.7 Other changes in vision	47	1	1	31	665	745
C. Decreases	**220**	**4,629**	**631**	**5,031**	**5,765**	**16,276**
C.1 Sales	-	-	-	55	666	721
C.2 Depreciation	-	4,175	624	4,932	5,081	14,812
C.3 Writedowns for impairment booked to:	-	-	-	-	-	-
- A) equity	-	-	-	-	-	-
- B) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value recognized in:	-	-	-	-	-	-
- A) equity	-	-	-	-	-	-
- B) income statement	-	-	-	-	-	-
C.5 Negative exchange differences	2	5	-	-	-	7
C.6 Transfers to:	218	379	-	-	-	597
- A) tangible assets held for investment	218	379	-	-	-	597
- B) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	70	7	44	18	139
D. Closing net	**32,764**	**107,006**	**2,242**	**10,318**	**15,458**	**167,788**
D.1 Total net writedowns	-	(42,820)	(21,430)	(113,393)	(66,352)	(243,995)
D.2 Gross closing balance	**32,764**	**149,826**	**23,672**	**123,711**	**81,810**	**411,783**
E. Measurement at cost	-	-	-	-	-	-

Pertaining to insurance companies

Asset / Value	Lands	Buildings	Furniture	Electronic	Other	Total
A. Initial gross	**-**	**-**	**120**	**465**	**201**	**786**
A.1 Total net writedowns	-	-	(118)	(442)	(190)	(750)
A.2 Opening net	**-**	**-**	**2**	**23**	**11**	**36**
B. Increases	**-**	**-**	**5**	**53**	**-**	**58**
B.1 Purchases	-	-	-	14	-	14
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognized in:	-	-	-	-	-	-
- A) equity	-	-	-	-	-	-
- B) income statement	-	-	-	-	-	-
B.5 Positive exchange	-	-	-	-	-	-
B.6 Transfers from property held for	-	-	-	-	-	-
B.7 Other changes in vision	-	-	5	39	-	44
C. Decreases	**-**	**-**	**5**	**52**	**11**	**68**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	-	1	12	11	24
C.3 Writedowns for impairment booked to:	-	-	-	-	-	-
- A) equity	-	-	-	-	-	-
- B) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value recognized in:	-	-	-	-	-	-
- A) equity	-	-	-	-	-	-
- B) income statement	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
- A) tangible assets held for investment	-	-	-	-	-	-
- B) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	4	40	-	44
D. Closing net	**-**	**-**	**2**	**24**	**-**	**26**
D.1 Total net writedowns	-	-	(84)	(277)	(199)	(560)
D.2 Gross closing balance	**-**	**-**	**86**	**301**	**199**	**586**
E. Measurement at cost	-	-	-	-	-	-

12.6 Tangible assets held for investment: annual changes

	Total	
	Lands	Buildings
A. Opening	**16,400**	**21,304**
B. Increases	**970**	**2,249**
B.1 Purchases	560	1,607
B.2 Capitalised improvement costs	-	-
B.3 Positive changes in fair value	-	-
B.4 Write-backs	-	-
B.5 Positive exchange differences	191	242
B.6 Transfers from buildings for business purposes	219	379
B.7 Other changes	-	21
C. Decreases	**288**	**1,001**
C.1 Sales	-	-
C.2 Depreciation	-	902
C.3 Negative changes in fair value	-	-
C.4 Writedowns for impairment	-	-
C.5 Negative exchange differences	-	-
C.6 Transfers to other asset portfolios	288	99
a) property used in operations	288	99
b) non-current assets held for sale	-	-
C.7 Other changes	-	-
D. Closing	**17,082**	**22,552**
E. Fair value	18,965	30,248

Tangible assets held for investment are in their entirety attributable to the banking group.

Section 13 - Intangible assets - Item 130

13.1 Intangible assets: breakdown by type of activity

Asset/Value	12/31/2014		12/31/2013	
	Defined duration	Indefinite duration	Defined duration	Indefinite duration
A.1 Goodwill	x	38,899	x	39,947
A.1.1 Attributable to the Group	x	38,478	x	39,442
A.1.2 Attributable to third parties	x	421	x	505
A.2 Other intangible assets	42,215	1	33,346	1
A.2.1 Assets valued at cost:	42,215	1	33,346	1
a) Internally generated intangible assets	6,130	-	5,712	-
b) Other Activities	36,085	1	27,634	1
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other Activities	-	-	-	-
Total	**42,215**	**38,900**	**33,346**	**39,948**

Intangible assets are mostly related to software.

Pertaining to the banking group

Assets/Values	12/31/2014		12/31/2013	
	Defined duration	Indefinite duration	Defined duration	Indefinite duration
A.1 Goodwill	x	38,899	x	39,947
A.1.1 Attributable to the Group	x	38,478	x	39,442
A.1.2 Attributable to third parties	x	421	x	505
A.2 Other intangible assets	41,087	1	32,086	1
A.2.1 Assets valued at cost:	41,087	1	32,086	1
a) Internally generated intangible assets	6,130	-	5,712	-
b) Other Activities	34,957	1	26,374	1
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other Activities	-	-	-	-
Total	**41,087**	**38,900**	**32,086**	**39,948**

Pertaining to insurance companies

Assets/Values	12/31/2014		12/31/2013	
	Defined duration	Indefinite duration	Defined duration	Indefinite duration
A.1 Goodwill	x	-	x	-
A.1.1 Attributable to the Group	x	-	x	-
A.1.2 Attributable to third parties	x	-	x	-
A.2 Other intangible assets	1,128	-	1,260	-
A.2.1 Assets valued at cost:	1,128	-	1,260	-
a) Internally generated intangible assets	-	-	-	-
b) Other Activities	1,128	-	1,260	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other Activities	-	-	-	-
Total	**1,128**	**-**	**1,260**	**-**

Notice relating to the impairment test for goodwill and intangible assets with indefinite useful life

The International Accounting Standards 36 ("IAS 36") prescribes the principles of accounting and disclosure for the impairment of certain types of activities, among which also goodwill, illustrating the principles that a company must follow to ensure that its assets are carried on the balance sheet (carrying value) to a value not greater than the recoverable amount.
Based on the requirements of IAS 36 it is necessary to compare the carrying value of the goodwill with its recoverable value whenever there is an indication that the asset may have been a change for impairment and at least once a year, in the preparation of financial statements (Impairment Test).
The recoverable amount is estimated with reference to the business units (cash generating unit - CGU) because goodwill is not able to generate cash flows independently.
The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets over which the Group has independent survey results through systems of management reporting.
Below and with the support of special summary tables are displayed:

- CGU identified and then subjected to an impairment test with its goodwill allocated;
- the estimation methods used and the results of impairment tests for each CGU;
- the description of the methods used;
- the elements used to calculate the recoverable amount for each CGU;
- the sensitivity analysis carried out;
- the conclusions reached.

Entities subject to an impairment test (CGU) and related goodwill allocated *(in thousands of euro)*

Entity	CGU	Goodwill allocated (before any write-downs of the year)
Società Banca Sella	CGU A1	20,177
Società Banca Patrimoni Sella & C.	CGU A2	1,510
Società Sella Gestioni	CGU A3	7,260
Società Selfid	CGU A4	448
Società CBA Vita	CGU A5	3,998
Societò Brosel	CGU A6	32
Società Immobiliare Lanificio Maurizio Sella	CGU A7	56
Società HI MTF	CGU B1	127
Succursali BS Bovolone e S. Martino Buon Albergo (1)	CGU C1	1,048
Succursali BS Milano via Gonzaga (2)	CGU C2	542
Succursali BS (ex Cram) (3)	CGU C3	1,881
Succursali BS S.Michele e Fasano (4)	CGU C4	1,099
Succursali BS (ex BCC Camastra e Naro)(5)	CGU C5	1,770
Total		**39,948**

(1) The entity being tested for impairment includes the two branches that remain after the transaction for the sale of branches to Sparkasse and that originally were part of the group of subsidiaries acquired by the Group Unicredito in 2000.
(2) The entity being tested for impairment is the branch of Milan Via Gonzaga acquired by Banco di Chiavari and the Riviera in 1999.
(3) The entity being tested for impairment is the group of branches acquired from ex CRA Monreale in 1997.
(4) The entity being tested for impairment is the group of branches purchased by Credito Cooperativo of Ostuni in 2000.
(5) The entity being tested for impairment is the group of branches acquired from the former BCC Union of Camastra and Naro in 2001

The accounting standards require that the impairment test be performed by comparing the carrying amount of the CGU with the recoverable value. If such value is lower than the carrying amount, a value adjustment is made. The recoverable amount of the CGU is the greater of its fair value less costs to sell and its value in use.

Below are the CGU being analyzed, with side shows procedure for calculating the recoverable amount used and the results of the impairment test:

Imapirment test: CGU being deeper analysis

CGU	Recoverability	Calculating method use	Result of the impairment test
CGU A1	Value in use	Dividend discount model (excess capital version)	The impairment test didnot detect impairment
CGU A2	Value in use	Dividend discount model (excess capital version)	The impairment test didnot detect impairment
CGU A3	Value in use	Dividend discount model (excess capital version)	The impairment test didnot detect impairment
CGU A4	Value in use	Discounting of future cash flows	The impairment test didnot detect impairment
CGU A5	Fair value	Discounting method	The impairment test didnot detect impairment
CGU A6	Value in use	Discounting of future cash flows	The impairment test didnot detect impairment
CGU A7	Fair value	Adjusted net equity method	The impairment test didnot detect impairment
CGU B1	Fair value	Market multiples	The impairment test didnot detect impairment
CGU C1	Value in use	Dividend discount model (excess capital version)	The impairment test detected an loss of value of 1,048 thousand euro, equal to the entire amount of goodwill relating to CGU 6
CGU C2	Value in use	Dividend discount model (excess capital version)	The impairment test didnot detect impairment
CGU C3	Value in use	Dividend discount model (excess capital version)	The impairment test didnot detect impairment
CGU C4	Value in use	Dividend discount model (excess capital version)	The impairment test didnot detect impairment
CGU C5	Value in use	Dividend discount model (excess capital version)	The impairment test didnot detect impairment

Description of methods used

The **fair value** is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length market transaction, not subject to any constraints less costs of sale. They are listed below the methodologies used in determining the fair value:

- **Multiples method of transaction**: it is based on the estimate of multiples implicit in the prices of a sample of transactions of comparable entities and the subsequent application of these multiples to the fundamental dimensions of the CGU measured at the date of closing of the year; these multiples have been adjusted to take account of possible greater/lesser yield than the company subject to the analysis.

- **Actuarial (discounting) method**: it is applied, in accordance with the professional valuation practices, to insurance companies operating primarily in the life business; the evaluation is obtained by the sum of net assets, the value of the policies already in force (embedded value) and the present value of the future production life (appraisal value). Equity is represented by net assets of the Company resulting from the latest available financial statements adjusted, if necessary, to reflect the market value of the underlying assets. The value of the portfolio is calculated as the net present value of projected net profits which are expected to be generated by the policies in place at the measurement date, taking into account the cost of posting the capital for solvency. The value of new business is calculated as the net present value of projected net profits which are expected to be generated by the policies of the new production, always taking into account the cost of capital for the posting of a solvency.
- **Adjusted net equity method**: it involves considering the proportion of adjusted shareholders' equity held:
  - the value attributed to specific intangible assets related to customer relationships acquired; the determination of the value is determined by reference to the main aggregates of reference of the CGU (total deposits, managed deposits, loans) to which are applied multiples derived from the market by referring to transactions of a comparable entity; the value thus obtained is then suitably adjusted to take account of the greater/lesser yield of the company subject to analysis than the market itself (income adjustment);
  - any capital gains or of the differences between the current values of the elements of assets and liabilities calculated with the relevant criteria and the corresponding book values.

The **Value in use** is defined as the present value of future cash flows expected to be derived from an asset. The models used to determine the value in use are as follows:

- DDM (*dividend discount model*), which provides for the discounting of cash flows of distributable income after having complied with the minimum regulatory capital base (excess capital version) has been applied to the entity subject to the regulation of a prudential supervision;
- discounting of streams of income: it is applied in all other cases.

The estimate of value in use incorporates the following elements:

- estimates of future cash flows that the enterprise expected to arise from continued use of the asset and from its ultimate disposal: we referred to the most recent financial statements / plans relative to the CGU approved by the Governing Bodies of a company. Beyond the period covered by such plans, cash flow projections are estimated, using, for the following years, a growth rate "g" stable aligned with the prediction of the rate of inflation trend (2%);
- discount rate (Ke) was calculated using the Capital Asset Pricing Model (CAPM). The formula used is as follows: Ke = Rf + Beta * (RM-RF) + ARP, where:
  - Rf is the free risk rate determined by using the average recorded in 2014 of the yield on ten-year BTPs. The value used is equal to 2.871%;
  - (Rom - RF) is the risk premium to the market. It is the difference between the performance of a diversified portfolio of all risky investments available in the market and the yield on a risk-free security. The value used is equal to 5%
  - Beta is the risk of a specific investment. The Beta expresses the correlation between the returns of a single risky investment and the returns of the market portfolio
  - ARP (Additional Risk Premium) is the additional return applied in cases of use of an explicit forecast period greater than 3 years and reflects specific factors related to increased risk of execution of a more long run plan compared to a three-year plan.

- capital requirement for the estimate of distributable cash flows (for cases in which the methodology of the excess capital version was used) has been defined by reference to the requirements of supervisory regulations.

For the determination of future cash flows there have been used the multi-year plans prepared for each CGU, whose economic and financial projections have been defined based on assumptions consistent with the assumptions of the economic and financial projections of Gruppo Banca Sella and refer to an expected scenario whose main indicators are shown in the following table:

Scenario forecasts on key indicators

Eurozone	2014	2015	2016	2017
Real GDP	0.8	1.2	1.5	1.5
Consumer price index	0.5	0.7	1.3	1.6
Official rates	0.05	0.05	0.05	0.50
Interest rates on short (Euribor 3 m)	0.21	0.10	0.11	0.41
Italy	**2014**	**2015**	**2016**	**2017**
Real GDP	-0.4	0.5	1.2	1.1
Consumptions	0.2	0.5	1.5	1.5
Consumer price index	0.2	0.5	1.1	1.4

Regarding the three-year period the international environment should be characterized by modest growth; in terms of consumer prices, the picture of moderate growth should justify the continued absence of inflationary pressures in developed countries.
With regard to Italy, the growth prospects in the years 2015-2017 appear weak and lower than the Eurozone average.
With reference to the financial sector, the scenario assumes a low level of interest rates in the money market with a tendency to gradually increase interest rates only in the last part of the three-year period.

The multi-year plans were prepared using reasonable and consistent assumptions that represent the best estimate made by management within the range of possible economic conditions that may occur during the life of the individual companies.
The following table summarizes, for each of the CGUs, the elements that were used for the calculation of recoverable amount.
The notes on the side are a supplement, where necessary, to the general lines outlined above.

CGU: elements used to calculate the recoverable value

CGU	Basic topics	Method of determining	Notes
CGU A1	Economic variables and balance sheet	Five-Year Plan (2015-2019) approved by the Board of Directors	- The forecast data allow for a gradual recovery in the profitability of the retail banking business to which the CGU belongs, resulting essentially: . from improved revenues from services with particular reference to the asset management, insurance (placement products and life insurance) and payment systems . from the trend of the impact of the credit losses gradually weakening as a result of the expected improvement of the economic situation . from the continuation of rationalization made on operating costs - The discount rate used is equal to 10.42% having incorporated a beta of 1.109 and an ARP (additional risk premium) of 2%.
	Discount rate	Estimated using the Capital*Asset Pricing Model* (CAPM)	
	Profitability over the forecast period	Annual growth rate steady at 2%	
CGU A2	Economic variables and balance sheet	Three-year plan (2015-2017) approved by the Board of Directors	- I dati previsionali, tengono conto di un graduale recupero della redditività derivante essenzialmente dal miglioramento dei ricavi da servizi con particolare riferimento ai comparti del risparmio gestito e dell'assicurativo (collocamento prodotti vita). - Il tasso di attualizzazione utilizzato è pari all'8,42% avendo incorporato un Beta pari a 1,109.
	Discount rate	Estimated using the Capital Asset Pricing Model (CAPM)	
	Profitability over the forecast period	Annual growth rate steady at 2%	
CGU A3	Economic variables and balance sheet	Three-year plan (2015-2017) approved by the Board of Directors	- The forecast data allow for a gradual recovery in profitability resulting primarily from the improvement in revenues from services with particular reference to the asset management and insurance (placement life insurance products). - The discount rate used is 8.42% having incorporated a Beta of 1.109.
	Discount rate	Estimated using the Capital*Asset Pricing Model* (CAPM)	
	Profitability over the forecast period	Annual growth rate steady at 2%	
CGU A4	Economic variables and balance sheet	Three-year plan (2015-2017) approved by the Board of Directors of the companies	- The forecasts predict a gradual recovery in profitability in the presence of growth of assets under management and revenues from related services - The discount rate used is 8.42% having built a Beta 1.109.
	Discount rate	Estimated using the Capital Asset Pricing Model (CAPM)	
	Profitability over the forecast period	Annual growth rate steady at 2%	

follows the previous table

CGU	Basic topics	Method for determining	Notes
CGU 5	Equity	Balance sheet data at 31/12/2014	- With respect to the separated management income there were considered the forecast returns of the management calculated at 06/30/2014; for new business, as well as for the return of assets to cover the margin, it assumed a constant yield of 3.0%
	Value of in-force business	Life portfolio as at 30.06.14	- The discount rate used to discount cash flows was assumed to be equal to 9%
	Value of future policies	The value of new business has been calculated considering a time horizon of 10 years (2014-2023)	- With regard to the future costs of managing it was assumed that the currently poasted expense reserves are sufficient to cover the costs of the existing portfolio. For the new business it assumed an annual cost for insurance increased by a percentage equal to 2% per annum.
CGU A6	Economic variables and balance sheet	Three-year plan (2015-2017) approved by the Board of Directors of the companies	The forecasts predict a gradual increase in revenues obtained as a result of the expansion plan of the business directly, and through the increased contribution deriving from reporting carried out by the banks in the group.
	Discount rate	Estimated using the Capital Asset Pricing Model (CAPM)	- The discount rate used is equal to 7.87% having incorporated a Beta of 1.0
	Profitability over the forecast period	Annual growth rate steady at 2%	
CGU A7	Equity	Balance sheet data at 31/12/2014	- The appraisal of intangibles has been prepared with the assistance of an independent valuator
	Value of property held	The value of properties was estimated on the basis of a recent survey	
CGU B1	Equity	Balance sheet data at 31/12/2014	Multiples were determined with reference to the quotation at 12.31.14 expressed by a sample of comparable companies
	Ebidta		
CGU C1 CGU C2 CGU C3 CGU C4 CGU C5	Economic variables and balance sheet	Budget 2014 and the three-year projections approved by the Board of Directors	- The forecast data, allow for a gradual recovery in the profitability of the retail banking business in which the CGU belong, mainly due to the improvement in revenues from services connected with the activities of management of indirect funding and assets under management.
	Discount rate	Estimated using the Capital*Asset Pricing Model* (CAPM)	- The discount rate used is 8.42% having incorporated a beta of 01.109.
	Profitability over the forecast period	Annual growth rate steady at 2%	

Sensitivity analysis

Since the value in use is determined by the use of estimates and assumptions that may contain elements of uncertainty, there have been carried out, as required under IFRS, the sensitivity analyses to test the sensitivity of results to changes in the parameters.
In particular, there was tested the impact on value in use of an increase in discounting rates and a decrease in the growth rate used for the calculation of the terminal value.
The following table shows the sensitivity of the value in use of the various CGU to the change in the discount rate or the growth rate "g" of +/- 25 bps.

Sensitivity analysis

CGU	Variation on the discount rate		Variation in the rate of growth in profitability	
	Variation considered	% sensitivity of the Value in use	Variation considered	% sensitivity of the Value in use
CGU A1	+ 25 b. p.	2.7%	- 25 b. p.	0.9%
CGU A2	+ 25 b. p.	3.0%	- 25 b. p.	1.9%
CGU A3	+ 25 b. p.	2.1%	- 25 b. p.	1.8%
CGU A4	+ 25 b. p.	3.8%	- 25 b. p.	3.4%
CGU A6	+ 25 b. p.	4.2%	- 25 b. p.	3.8%
CGU C1	Entity for which goodwill was entirely written down			
CGU C2	+ 25 b. p.	3.5%	- 25 b. p.	2.9%
CGU C3	+ 25 b. p.	3.6%	- 25 b. p.	3.0%
CGU C4	+ 25 b. p.	3.4%	- 25 b. p.	2.8%
CGU C5	+ 25 b. p.	4.9%	- 25 b. p.	4.2%

They were carried out, also, analyses aimed at highlighting the value limits beyond which the impairment test of the CGU in question would require an impairment. In this regard there is given in the table below the growth rate "g" and the discount rate that would lead, for the same flows to be discounted, to use values aligned with the values of the assets.

Sensitivity analysis

CGU	Discount rate	Growth rate "g"
CGU A1	11.2%	-2.0%
CGU A2	17.9%	N.S. (<-25%)
CGU A3	21.2%	-23.4%
CGU A4	13.3%	-4.1%
CGU A6	8.6%	1.2%
CGU C1	Entity for which goodwill was entirely written down	
CGU C2	N.S. (> 25%)	N.S. (<-25%)
CGU C3	N.S. (> 25%)	N.S. (<-25%)
CGU C4	N.S. (> 25%)	N.S. (<-25%)
CGU C5	17.1%	-12.8%

Conclusions.

From the analyses carried out it was necessary to write down the carrying value of the entire goodwill related to branches Bovolone and S. Martino Buon Albergo (CGU C1).
The sensitivity analysis does not reveal signs of impairment to be registered.

13.2 Intangible assets: annual changes

	Goodwill	Other intantible assets: internally generated		Other intangible assets: other		Total
		Defined duration	Indefinite duration	Defined duration	Indefinite duration	
A. Initial gross	**91,016**	**9,483**	**-**	**180,591**	**1**	**281,091**
A.1 Total net writedowns	51,069	3,771	-	152,957	-	207,797
A.2 Opening net	**39,947**	**5,712**	**-**	**27,634**	**1**	**73,294**
B. Increases	**-**	**2,861**	**-**	**19,710**	**-**	**22,571**
B.1 Purchases	-	2,857	-	19,697	-	22,554
B.2 Capitalization of internal	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Positive changes in *fair value*	X	-	-	-	-	-
- Shareholders' equity	X	-	-	-	-	-
- In the income statement	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	4	-	13	-	17
C. Decreases	**1,048**	**2,443**	**-**	**11,259**	**-**	**14,750**
C.1 Sales	-	-	-	2	-	2
C.2 Adjustments	1,048	2,244	-	11,199	-	14,491
- depreciation	X	2,244	-	11,199	-	13,443
- write-downs	1,048	-	-	-	-	1,048
- equity	X	-	-	-	-	-
- income statement	1,048	-	-	-	-	1,048
C.3 Negative changes in *fair value*	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- in the income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	3	-	3
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	199	-	55	-	254
D. Closing net	**38,899**	**6,130**	**-**	**36,085**	**1**	**81,115**
D.1 Total net adjustments	51,069	6,015	-	163,164	-	220,248
E. Gross closing balance	**89,968**	**12,145**	**-**	**199,249**	**1**	**301,363**
Valuation at cost	-	-	-	-	-	-

Pertaining to the banking group

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Definite duration	Indefinite duration	Definite duration	Indefinite duration	
A. Initial gross	**91,016**	**9,483**	**-**	**178,040**	**1**	**278,540**
A.1 Total net writedowns	51,069	3,771	-	151,666	-	206,506
A.2 Opening net	**39,947**	**5,712**	**-**	**26,374**	**1**	**72,034**
B. Increases	**-**	**2,861**	**-**	**19,400**	**-**	**22,261**
B.1 Purchases	-	2,857	-	19,387	-	22,244
B.2 Capitalization of internal	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Positive changes in *fair value*	X	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- in the income statement	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	4	-	13	-	17
C. Decreases	**1,048**	**2,443**	**-**	**10,817**	**-**	**14,308**
C.1 Sales	-	-	-	2	-	2
C.2 Adjustments	1,048	2,244	-	10,759	-	14,051
- depreciation	X	2,244	-	10,759	-	13,003
- write-downs	1,048	-	-	-	-	1,048
- equity	X	-	-	-	-	-
- income statement	1,048	-	-	-	-	1,048
C.3 Negative changes in *fair value*	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- in the income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	3	-	3
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	199	-	53	-	252
D. Closing net	**38,899**	**6,130**	**-**	**34,957**	**1**	**79,987**
D.1 Total net adjustments	51,069	6,015	-	161,412	-	218,496
E. Gross closing balance	**89,968**	**12,145**	**-**	**196,369**	**1**	**298,483**
Valuation at cost	-	-	-	-	-	-

Pertaining to insurance companies

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Definite duration	Indefinite duration	Definite duration	Indefinite duration	
A. Initial gross	**-**	**-**	**-**	**2,551**	**-**	**2,551**
A.1 Total net writedowns	-	-	-	1,291	-	1,291
A.2 Opening net	**-**	**-**	**-**	**1,260**	**-**	**1,260**
B. Increases	**-**	**-**	**-**	**310**	**-**	**310**
B.1 Purchases	-	-	-	310	-	310
B.2 Capitalization of internal	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Positive changes in *fair value*	X	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- in the income statement	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**442**	**-**	**442**
C.1 Sales	-	-	-	-	-	-
C.2 Adjustments	-	-	-	440	-	440
- depreciation	X	-	-	440	-	440
- write-downs	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- income statement	-	-	-	-	-	-
C.3 Negative changes in *fair value*	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- in the income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	2	-	2
D. Closing net	**-**	**-**	**-**	**1,128**	**-**	**1,128**
D.1 Total net adjustments	-	-	-	1,752	-	1,752
E. Gross closing balance	**-**	**-**	**-**	**2,880**	**-**	**2,880**
Valuation at cost	-	-	-	-	-	-

Section 14 – Assets and liabilities – Item 140 of assets and 80 of liabilities

Current tax assets: breakdown

	12/31/2014	12/31/2013
Advances paid to the tax authorities	82,824	96,762
Withholding taxes	558	875
Activities for fiscal consolidation	1,947	4,716
Tax credits	15,678	15,168
Total	**101,007**	**117,521**

Current tax liabilities: breakdown

	12/31/2014	12/31/2013
Direct taxes fund	83,300	72,052
Indirect taxes fund	5,480	5,268
Total	**88,780**	**77,320**

14.1 Deferred tax assets: breakdown

	IRES	IRAP	OTHER	12/31/2014	12/31/2013
Credit losses	146,884	12,861	-	159,745	128,304
Provisions for risks and charges of a different nature	6,230	7	-	6,237	6,246
Depreciation and property evaluation	3,720	165	-	3,885	3,922
Administrative costs, other	885	-	-	885	1,003
Staff costs	952	-	118	1,070	108
Valuations of collective guarantees	400	-	-	400	406
Goodwill and costs related to purchase of company branch	1,113	225	-	1,338	-
Val. financial assets avail. for sale	-	264	-	264	173
Release of consolidated goodwill	6,544	1,326	-	7,870	7,922
Other activities	7,017	643	77	7,737	9,470
Total deferred tax assets (recognized in income statement)	173,745	15,491	195	189,431	157,554
Depreciation and property evaluation	2,623	307	-	2,930	2,930
Val. financial assets avail. for sale	701	180	-	880	3,010
Other activities	15,613	-	-	15,613	89
Total deferred tax assets (against equity)	**18,937**	**487**	**-**	**19,423**	**6,029**

Pertaining to the banking group

	IRES	IRAP	OTHER	12/31/2014	12/31/2013
Credit losses	146,882	12,861	-	159,743	128,302
Provisions for risks and charges of a different nature	6,220	7	-	6,227	6,236
Depreciation and property evaluation	3,717	165	-	3,882	3,920
Administrative costs, other	880	-	-	880	1,000
Staff costs	947	-	118	1,065	95
Ratings collective guarantees	400	-	-	400	406
Goodwill and costs related to purchase of company branch	1,113	225	-	1,338	-
Val. financial assets avail. for sale	-	264	-	264	173
Release of consolidated goodwill	6,544	1,326	-	7,870	7,922
Other activities	6,507	642	77	7,226	9,018
Total deferred tax assets (recognized in income statement)	173,210	15,490	195	188,895	157,072
Depreciation and property evaluation	2,623	307	-	2,930	2,930
Val. financial assets avail. for sale	-	9	-	9	8
Other activities	101	-	-	101	89
Total deferred tax assets (against equity)	**2,724**	**316**	**-**	**3,040**	**3,027**

Pertaining to insurance companies

	IRES	IRAP	OTHER	12/31/2014	12/31/2013
Credit losses	2	-	-	2	2
Provisions for risks and charges of a different nature	10	-	-	10	10
Depreciation and property evaluation	3	-	-	3	2
Administrative costs, other	5	-	-	5	3
Staff costs	5	-	-	5	13
Other activities	510	1	-	511	452
Total deferred tax assets (recognized in income statement)	535	1	-	536	482
Val. financial assets avail. for sale	701	171	-	871	3.002
Other activities	15,512	-	-	15,512	-
Total deferred tax assets (against equity)	**16,213**	**171**	**-**	**16,383**	**3,002**

14.2 Deferred tax liabilities: breakdown

	IRES	IRAP	OTHER	12/31/2014	12/31/2013
Profit from sale of financial assets available for sale	86	350	-	436	436
Different calculation of depreciation of tangible assets	456	90	-	546	545
Different calculation of amortization of intangibles	33	5	-	38	31
Contributed training costs	-	-	-	-	-
Discounting of provisions for risks and charges of a different nature	3	-	-	3	7
Mortgages Mars	-	-	-	-	-
Discounting TFR	4	-	-	4	4
Gain on sale of business	3,161	-	-	3,161	4,216
Bad debts	-	-	-	-	-
Start	977	197	-	1,174	999
Other liabilities	1,560	98	7	1,665	2,761
Total deferred tax liabilities (recognized in the income statement)	**6,280**	**740**	**7**	**7,027**	**8,999**
Valuation of financial assets available for sale	24,903	1,741	-	26,644	4,733
Rating and equipment	-	-	-	-	-
Gain on sale of business	-	-	-	-	-
Depreciation and property evaluation	747	150	-	897	896
Other liabilities	-	-	-	-	2,392
Total deferred tax liabilities (through the equity method)	**25,650**	**1,891**	**-**	**27,541**	**8,021**

Pertaining to the banking group

	IRES	IRAP	ALTRE	12/31/2014	12/31/2013
Profit from sale of financial assets available for sale	86	350	-	436	436
Different calculation of depreciation of tangible assets	456	90	-	546	545
Different calculation amortization of intangibles	33	5	-	38	31
Contributed training costs	-	-	-	-	-
Discounting of provisions for risks and charges of a different nature	3	-	-	3	7
Mortgages Mars	-	-	-	-	-
Discounting TFR	-	-	-	-	-
Gain on sale of business	3,161	-	-	3,161	4,216
Bad debts	-	-	-	-	-
Start	977	197	-	1,174	999
Other liabilities	948	98	7	1,053	1,724
Total deferred tax liabilities (recognized in the income statement)	**5,664**	**740**	**7**	**6,411**	**7,958**
Valuation of financial assets available for sale	8,462	1,741	-	10,203	4,733
Rating and equipment	-	-	-	-	-
Gain on sale of business	-	-	-	-	-
Depreciation and property evaluation	747	150	-	897	896
Other liabilities	-	-	-	-	-
Total deferred tax liabilities (through the equity method)	**9,209**	**1,891**	**-**	**11,100**	**5,629**

Pertaining to insurance companies

	IRES	IRAP	OTHER	12/31/2014	12/31/2013
Profit from sale of financial assets available for sale	-	-	-	-	-
Different calculation of depreciation of tangible assets	-	-	-	-	-
Different calculation of amortization of intangibles	-	-	-	-	-
Contributed training costs	-	-	-	-	-
Discounting of provisions for risks and charges of a different nature	-	-	-	-	-
Mortgages Mars	-	-	-	-	-
Discounting TFR	4	-	-	4	4
Gain on sale of business	-	-	-	-	-
Bad debts	-	-	-	-	-
Start	-	-	-	-	-
Other liabilities	612	-	-	612	1,037
Total deferred tax liabilities (recognized in the income statement)	**616**	**-**	**-**	**616**	**1,041**
Valuation of financial assets available for sale	16,441	-	-	16,441	-
Rating and equipment	-	-	-	-	-
Gain on sale of business	-	-	-	-	-
Depreciation and property evaluation	-	-	-	-	-
Other liabilities	-	-	-	-	2,392
Total deferred tax liabilities (through the equity method)	**16,441**	**-**	**-**	**16,441**	**2,392**

14.3 Changes in deferred tax assets (recognized in income statement)

	12/31/2014	12/31/2013
1. Opening	**157,554**	**124,162**
2. Increases	**55,306**	**46,458**
2.1 Deferred tax assets recognized during the year	55,031	46,301
a) relating to previous years	80	1,495
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	54,951	44,806
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	275	157
3. Decreases	**23,429**	**13,066**
3.1 Deferred tax assets canceled during the year	23,051	12,330
a) reversals	21,304	11,326
b) write-offs	50	199
c) changes in accounting standards	-	-
d) other	1,697	805
3.2 Reduction in tax rates	-	-
3.3 Other decreases	378	736
a) change in tax credits as per Law 214/2011	-	292
b) other	378	444
4. Closing	**189,431**	**157,554**

Pertaining to the banking group

	12/31/2014	12/31/2013
1. Opening	**157,072**	**123,633**
2. Increases	**55,229**	**46,412**
2.1 Deferred tax assets recognized during the year	55,016	46,283
a) relating to previous years	80	1,495
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	54,936	44,788
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	213	129
3. Decreases	**23,406**	**12,973**
3.1 Deferred tax assets canceled during the year	23,029	12,237
a) reversals	21,282	11,301
b) write-offs	50	199
c) changes in accounting standards	-	-
d) other	1,697	737
3.2 Reduction in tax rates	-	-
3.3 Other decreases	377	736
a) change in tax credits as per Law 214/2011	-	292
b) other	377	444
4. Closing	**188,895**	**157,072**

Pertaining to insurance companies

	12/31/2014	12/31/2013
1. Opening	**482**	**529**
2. Increases	**77**	**46**
2.1 Deferred tax assets recognized during the year	15	18
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	15	18
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	62	28
3. Decreases	**23**	**93**
3.1 Deferred tax assets canceled during the year	22	93
a) reversals	22	25
b) write-offs	-	-
c) changes in accounting standards	-	-
d) other	-	68
3.2 Reduction in tax rates	-	-
3.3 Other decreases	1	-
a) change in tax credits as per Law 214/2011	-	-
b) other	1	-
4. Closing	**536**	**482**

14.3.1 Changes in deferred tax assets as per Law 214/2011 (in the income statement)

	Total 12/31/2014	Total 12/31/2013
1. Opening	**138,230**	**104,203**
2. Increases	**48,899**	**40,526**
3. Decreases	**18,185**	**6,499**
3.1 Reclassification	3,305	1,215
3.2 Transformation in tax credits	-	292
a) resulting from operating losses	-	292
b) arising from tax losses	-	-
3.3 Other decreases	14,880	4,992
4. Closing	**168,944**	**138,230**

Law no. 225 of 2010, Art. 2, paragraphs 55 to 56-bis, established the convertibility of tax credits of deferred tax assets recognized in the financial statements in respect of loan write-offs and start-ups, particularly in the event that the individual financial statements show a loss for the year. This convertibility has introduced an additional and integrative recovery mode, which is capable of ensuring the recovery of these types of deferred tax assets in any situation, regardless of the future profitability of the company. This convertibility would thus be configured, in any case, as sufficient basis for the registration and maintenance in the financial statements of these types of deferred tax assets. The above approach was emphasized in the joint Bank of Italy, Consob and ISVAP. 5 of 15 May 2012 (issued under the table of coordination in the application of IAS / IFRS) on the "Accounting treatment of deferred tax assets resulting from L. 214/2011".

Pertaining to the banking group

	Total 12/31/2014	Total 12/31/2013
1. Opening	**138,014**	**103,992**
2. Increases	**48,885**	**40,521**
3. Decreases	**18,185**	**6,499**
3.1 Reclassification	3,305	1,215
3.2 Transformation in tax credits	-	292
a) resulting from operating losses	-	292
b) arising from tax losses	-	-
3.3 Other decreases	14,880	4,992
4. Closing	**168,714**	**138,014**

Pertaining to insurance companies

	Total 12/31/2014	Total 12/31/2013
1. Opening	**216**	**211**
2. Increases	**14**	**5**
3. Decreases	**-**	**-**
3.1 Reclassification	-	-
3.2 Transformation in tax credits	-	-
a) resulting from operating losses	-	-
b) arising from tax losses	-	-
3.3 Other decreases	-	-
4. Closing	**230**	**216**

14.4 Changes in deferred tax liabilities (through profit and loss)

	12/31/2014	12/31/2013
1. Opening	**8,999**	**5,333**
2. Increases	**282**	**5,980**
2.1 Deferred taxes	281	5,980
a) relating to previous years	5	6
b) due to changes in accounting policies	-	-
c) other	276	5,974
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1	-
3. Decreases	**2,254**	**2,314**
3.1 Deferred taxes canceled during the year	1,804	1,507
a) reversals	1,804	1,430
b) due to changes in accounting policies	-	-
c) other	-	77
3.2 Reduction in tax rates	-	-
3.3 Other decreases	450	807
4. Closing	**7,027**	**8,999**

Pertaining to the banking group

	12/31/2014	12/31/2013
1. Opening	**7,958**	**3,499**
2. Increases	**281**	**5,980**
2.1 Deferred taxes	280	5,980
a) relating to previous years	5	6
b) due to changes in accounting policies	-	-
c) other	275	5,974
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1	-
3. Decreases	**1,829**	**1,521**
3.1 Deferred taxes canceled during the year	1,804	1,507
a) reversals	1,804	1,430
b) due to changes in accounting policies	-	-
c) other	-	77
3.2 Reduction in tax rates	-	-
3.3 Other decreases	25	14
4. Closing	**6,410**	**7,958**

Pertaining to insurance companies

	12/31/2014	12/31/2013
1. Opening	**1,041**	**1,834**
2. Increases	**1**	**-**
2.1 Deferred taxes	1	-
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	1	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**425**	**793**
3.1 Deferred taxes canceled during the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	425	793
4. Closing	**617**	**1,041**

14.5 Changes in deferred tax assets (through equity)

	12/31/2014	12/31/2013
1. Opening	**6,029**	**4,930**
2. Increases	**13,402**	**1,420**
2.1 Deferred tax assets recognized in the exercise	186	86
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	186	86
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	13,216	1,334
3. Decreases	**8**	**321**
3.1 Deferred tax assets canceled in 'exercise	8	321
a) reversals	8	3
b) write-offs	-	1
c) due to changes in accounting policies	-	-
d) other	-	317
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing	**19,423**	**6,029**

Pertaining to the banking group

	12/31/2014	12/31/2013
1. Opening	**3,027**	**3,139**
2. Increases	**20**	**86**
2.1 Deferred tax assets recognized in the exercise	19	86
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	19	86
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1	-
3. Decreases	**8**	**198**
3.1 Deferred tax assets canceled in 'exercise	8	198
a) reversals	8	3
b) write-offs	-	1
c) due to changes in accounting policies	-	-
d) other	-	194
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing	**3,039**	**3,027**

Pertaining to insurance companies

	12/31/2014	12/31/2013
1. Opening	**3,002**	**1,791**
2. Increases	**13,382**	**1,334**
2.1 Deferred tax assets recognized in the exercise	167	-
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	167	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	13,215	1,334
3. Decreases	**-**	**123**
3.1 Deferred tax assets canceled in 'exercise	-	123
a) reversals	-	-
b) write-offs	-	-
c) due to changes in accounting policies	-	-
d) other	-	123
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing	**16,384**	**3,002**

14.6 Changes in deferred tax liabilities (through equity)

	12/31/2014	12/31/2013
1. Opening	**8,021**	**2,902**
2. Increases	**19,610**	**5,429**
2.1 Deferred taxes	5,561	4,268
a) relating to previous years	-	-
b) due to changes in accounting principles	-	-
c) other	5,561	4,268
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	14,049	1,161
3. Decreases	**89**	**310**
3.1 Deferred taxes canceled during the year	89	310
a) reversals	89	277
b) due to changes in accounting principles	-	-
c) other	-	33
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing	**27,541**	**8,021**

Pertaining to the banking group

	12/31/2014	12/31/2013
1. Opening	**5,629**	**1,670**
2. Increases	**5,561**	**4,269**
2.1 Deferred taxes	5,561	4,268
a) relating to previous years	-	-
b) due to changes in accounting principles	-	-
c) other	5,561	4,268
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	1
3. Decreases	**89**	**310**
3.1 Deferred taxes canceled during the year	89	310
a) reversals	89	277
b) due to changes in accounting principles	-	-
c) other	-	33
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing	**11,100**	**5,629**

Pertaining to insurance companies

	12/31/2014	12/31/2013
1. Opening	**2,392**	**1,232**
2. Increases	**14,049**	**1,160**
2.1 Deferred taxes	-	-
a) relating to previous years	-	-
b) due to changes in accounting principles	-	-
c) other	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	14,049	1,160
3. Decreases	**-**	**-**
3.1 Deferred taxes canceled during the year	-	-
a) reversals	-	-
b) due to changes in accounting principles	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing	**16,441**	**2,392**

Section 16 - Other assets - Item 160

16.1 Other assets: breakdown

	12/31/2014	12/31/2013
Items the course of collection	334	1,433
VAT Loans and advances	4,766	-
Ongoing provisions of payment to various entities	15,642	11,416
Checks drawn on third parties	27,987	31,420
Personal checks / checks drawn on the bank	2,649	2,830
Fees, commissions and other income being charged	37,023	35,844
Expenses for improvements to third party assets	1,736	2,004
Portfolio adjustments	421	2,394
Advances and receivables / suppliers	4,999	1,062
Charges / invoices to be issued to customers	3,025	3,800
disputed items not deriving from lending operations	1,237	1,247
Prepayments on administrative expenses and commissions	15,996	9,415
Receivables from policyholders, intermediaries and reinsurers	3,725	2,355
Deferred tax (no income tax)	71,441	51,907
Payments provisionally by way of security pending judgments tax	978	6,441
Other	25,358	17,726
Total	**217,317**	**181,294**

There are recorded in this account provisionary assets against payments by way of security pending tax judgments. This amount includes the direct or indirect taxes with interest, collection fees and possible penalties.

These assets are maintained in the financial statements in line with the assessment of the likely outcome of the related favorable tax disputes – of which those payments by way of security are an accessory event - in accordance with the requirements of IAS 37 in particular in the paragraphs relating to contingent liabilities.

The significant reduction over the previous year is related to a refund from the tax authorities, of a portion of the payments made, after the victory in the first degree of Banca Sella Holding, in litigation concerning the stamp duty.

Part B – Information on the Consolidated Balance Sheet

Liabilities

Section 1 - Due to banks - Item 10

1.1 Due to banks: breakdown

Type of transaction/Values	12/31/2014	12/31/2013
1. Due to central banks	**838,521**	**877,570**
2. Due to banks	**339,818**	**348,952**
2.1 Current accounts and demand deposits	117,110	165,700
2.2 Time deposits	21,338	12,291
2.3 Financing	199,293	167,488
2.3.1 Repurchase agreements	-	-
2.3.2 Other	199,293	167,488
2.4 Liabilities for commitments to repurchase own equity instruments	-	-
2.5 Other liabilities	2,077	3,473
Total	**1,178,339**	**1,226,522**
Fair value - Level 1	**-**	**-**
Fair value - Level 2	**-**	**-**
Fair value - Level 3	**1,178,448**	**1,224,107**
Total Fair value	**1,178,448**	**1,224,107**

Amounts debts to banks are all at on-sight values and therefore it is believed that the fair value is aligned with the book value.

Section 2 - Deposits from customers - Item 20

2.1 Due to customers: breakdown

Type of transaction/Values	12/31/2014	12/31/2013
1. Current accounts and demand deposits	7,720,812	6,931,136
2. Time deposits	815,239	1,026,003
3. Loans	96,498	70,994
3.1 Repurchase agreements	40,919	54,126
3.2 Other	55,579	16,868
4. Liabilities for commitments to repurchase own equity instruments	-	-
5. Other debts	133,593	123,997
Total	**8,766,142**	**8,152,130**
Fair value - Level 1	**3,835**	**4,722**
Fair value - Level 2	**-**	**176**
Fair value - Level 3	**8,762,420**	**8,147,547**
Fair value	**8,766,255**	**8,152,445**

Customer deposits are almost totally repayable on demand (with maturity in sight) and therefore it is believed that the fair value is in line with the book value.

Pertaining to the banking group

Type of transaction/Values	12/31/2014	12/31/2013
1. Current accounts and demand deposits	7,720,812	6,931,136
2. Time deposits	815,239	1,026,003
3. Loans	96,498	70,994
3.1 Repurchase agreements	40,919	54,126
3.2 Other	55,579	16,868
4. Liabilities for commitments to repurchase own equity instruments	-	-
5. Other debts	129,865	119,414
Total	**8,762,414**	**8,147,547**
Fair value - Level 1	**-**	**-**
Fair value - Level 2	**-**	**-**
Fair value - Level 3	**8,762,420**	**8,147,547**
Fair value	**8,762,420**	**8,147,547**

Pertaining to insurance companies

Type of transaction/Values	12/31/2014	12/31/2013
1. Current accounts and demand deposits	-	-
2. Time deposits	-	-
3. Loans	-	-
3.1 Repurchase agreements	-	-
3.2 Other	-	-
4. Liabilities for commitments to repurchase own equity instruments	-	-
5. Other debts	3,728	4,583
Total	**3,728**	**4,583**
Fair value - Level 1	**3,835**	**4,722**
Fair value - Level 2	**-**	**176**
Fair value - Level 3	**-**	**-**
Fair value	**3,835**	**4,898**

2.3 Details of item 20 "Due to customers": structured debt

	12/31/2014	12/31/2013
A. Due to customers		
A.1 Structured Deposits	9,349	8,482

Section 3 - Outstanding securities - Item 30

3.1 Securities issued: breakdown

Type of securities / Values	Total 12/31/2014				Total 12/31/2013			
	Book Value	Fair Value			Book Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	1,336,504	7,652	597,299	741,488	1,153,702	7,477	1,018,746	125,765
1.1 structured	-	-	-	-	-	-	-	-
1.2 further	1,336,504	7,652	597,299	741,488	1,153,702	7,477	1,018,746	125,765
2. Other securities	31,274	-	-	31,275	53,855	-	-	53,860
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	31,274	-	-	31,275	53,855	-	-	53,860
Total	**1,367,778**	**7,652**	**597,299**	**772,763**	**1,207,557**	**7,477**	**1,018,746**	**179,625**

For more information on the methodologies used to determine fair value, see the information provided in Part A - Accounting policies of these Explanatory Notes.

Pertaining to the banking group

Type of securities / Values	Total 12/31/2014				Total 12/31/2013			
	Book Value	Fair Value			Book Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	1,329,587	-	597,299	741,488	1,147,020	-	1,018,746	125,765
1.1 structured	-	-	-	-	-	-	-	-
1.2 further	1,329,587	-	597,299	741,488	1,147,020	-	1,018,746	125,765
2. Other securities	31,274	-	-	31,275	53,855	-	-	53,860
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	31,274	-	-	31,275	53,855	-	-	53,860
Total	**1,360,861**	**-**	**597,299**	**772,763**	**1,200,875**	**-**	**1,018,746**	**179,625**

Pertaining to insurance companies

Type of securities / Values	Total 12/31/2014				Total 12/31/2013			
	Book Value	Fair Value			Book Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	6,917	7,652	-	-	6,682	7,477	-	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 further	6,917	7,652	-	-	6,682	7,477	-	-
2. Other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**6,917**	**7,652**	**-**	**-**	**6,682**	**7,477**	**-**	**-**

3.2 Details of item 30 "Securities issued": subordinated securities

	12/31/2014	12/31/2013
A. Outstanding securities		
Outstanding securities - Convertible	-	-
Outstanding securities - Subordinated	348,882	427,458

3.3 Details of item 30 Securities issued with specific hedges

	12/31/2014	12/31/2013
1. Securities covered by specific fair value:	257,592	337,764
a) interest rate risk	257,592	337,764
b) currency risk	-	-
c) other risks	-	-
2. Securities covered by specific cash flow hedges:	-	-
a) interest rate risk	-	-
b) currency risk	-	-
c) other	-	-

Section 4 - Financial liabilities held for trading - Item 40

Financial liabilities held for trading are all of the banking group

4.1 Financial liabilities held for trading: breakdown

Type of transaction/Values	12/31/2014					12/31/2013				
	NV	FV			FV*	NV	FV			FV*
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	65,288	72,263	-	-	72,263	128,946	137,627	-	-	137,627
3. Debt	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	x	-	-	-	-	x
3.1.2 Other obligations	-	-	-	-	x	-	-	-	-	x
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	x	-	-	-	-	x
3.2.2 Other	-	-	-	-	x	-	-	-	-	x
Total A	**65,288**	**72,263**	**-**	**-**	**72,263**	**128,946**	**137,627**	**-**	**-**	**137,627**
B. Derivatives										
1. Financial derivatives	x	15	23,217	-	x	x	17	25,721	-	x
1.1 Dealing	x	15	23,217	-	x	x	17	25,721	-	x
1.2 Associated with the fair	x	-	-	-	x	x	-	-	-	x
1.3 Other	x	-	-	-	x	x	-	-	-	x
2. Credit derivatives	x	-	-	-	x	x	-	-	-	x
2.1 Dealing	x	-	-	-	x	x	-	-	-	x
2.2 Associated with the fair	x	-	-	-	x	x	-	-	-	x
2.3 Other	x	-	-	-	x	x	-	-	-	x
Total B	**x**	**15**	**23,217**	**-**	**x**	**x**	**17**	**25,721**	**-**	**x**
Total (A+B)	**x**	**72,278**	**23,217**	**-**	**x**	**x**	**137,644**	**25,721**	**-**	**x**

Legend

FV = fair value

FV * = fair value calculated excluding changes in value due to changes in the creditworthiness of the issuer

the date of issue

NV = nominal or notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

For more information on the methodologies used to determine fair value, see the information provided in Part A - Accounting policies of these Explanatory Notes.

Section 5 - Financial liabilities at fair value - Item 50

Financial liabilities at fair value are exclusively attributable to insurance companies.
Starting from 2007, in fact, the Group exercised the option to designate financial liabilities at *fair value* relating to deposits and insurance contracts of the *Unit* and *Index* type, which are measured at *fair value* of the assets.

5.1 Financial liabilities at fair value: breakdown

Type of transaction/Values	12/31/2014					12/31/2013				
	NV	FV			FV*	NV	FV			FV*
		L1	L2	L3			L1	L2	L3	
1. Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	x	-	-	-	-	x
1.2 Other	-	-	-	-	x	-	-	-	-	x
2. Due to customers	**596,772**	**596,548**	**224**	**-**	**596,772**	**605,169**	**584,834**	**20,335**	**-**	**-**
2.1 Structured	-	-	-	-	x	-	-	-	-	x
2.2 Other	596,772	596,548	224	-	x	605,169	584,834	20,335	-	x
3. Debt	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 Structured	-	-	-	-	x	-	-	-	-	x
3.2 Other	-	-	-	-	x	-	-	-	-	x
Total	**596,772**	**596,548**	**224**	**-**	**596,772**	**605,169**	**584,834**	**20,335**	**-**	**-**

Legend
FV = *fair value*
FV * = *fair value* calculated excluding changes in value due to changes in the creditworthiness of the issuer the date of issue
NV = nominal or notional value
L1 = Level 1
L2 = Level 2
L3 = Level 3

For more information on the methodologies used to determine fair value, see the information provided in Part A - Accounting policies of these Explanatory Notes.

The following table shows the purpose of use of the so-called "fair value option"

Financial liabilities at fair value: purpose of use of the fair value option

Type of transaction/Values	Total Scenario/Period		
	L1	L2	L3
Natural hedges	-	-	-
Structured financial instruments	-	-	-
Financial asset portfolios managed internally based on fair value	596,548	224	-
Total	**596,548**	**224**	**-**

5.3 Financial liabilities at fair value: annual changes

	Due to banks	Due to customers	Outstanding securities	Total
A. Opening	**-**	**605,169**	**-**	**605,169**
B. Increases	**-**	**98,136**	**-**	**98,136**
B1. Emissions	-	58,224	-	58,224
B2. Sales	-	-	-	-
B3. Positive changes in fair value	-	39,912	-	39,912
B4. Other changes	-	-	-	-
C. Decreases	**-**	**106,533**	**-**	**106,533**
C1. Shopping	-	-	-	-
C.2 Refunds	-	97,371	-	97,371
C.3 Negative changes in fair value	-	5,521	-	5,521
C4. Other changes	-	3,641	-	3,641
D. Closing	**-**	**596,772**	**-**	**596,772**

Section 6 - Hedging derivatives - Item 60

Hedging derivatives are exclusively attributable to the banking group.

6.1 Hedging derivatives: breakdown by type of hedge and level

	Fair Value 12/31/2014			NV	Fair Value 12/31/2013			NV
	L1	L2	L3	12/31/2014	L1	L2	L3	12/31/2013
A. Financial derivatives	**-**	**154,020**	**-**	**847,918**	**-**	**114,608**	**-**	**971,373**
1) Fair value	-	154,020	-	847,918	-	114,608	-	971,373
2) Cash flow	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flow	-	-	-	-	-	-	-	-
Total	**-**	**154,020**	**-**	**847,918**	**-**	**114,608**	**-**	**971,373**

Legend

NV = nominal or notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

For more information on the methodologies used to determine fair value, see the information provided in Part A - Accounting policies of these Explanatory Notes.

6.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Operations / type coverage	Fair Value - Specification: Interest rate risk	Fair Value - Specification: Currency risk	Fair Value - Specification: Credit risk	Fair Value - Specification: Price risk	Fair Value - Specification: Other risks	Fair Value: Generic	Cash flows: Specific	Cash flows: Generic	Foreign investments
1. Financial assets available for sale	-	-	-	-	-	x	-	x	x
2. Loans	-	-	-	x	-	x	-	x	x
3. Financial assets held to maturity	x	-	-	x	-	x	-	x	x
4. Portfolio	x	x	x	x	x	154,020	x	-	x
5. Other transactions	-	-	-	-	-	x	-	x	-
Total assets	**-**	**-**	**-**	**-**	**-**	**154,020**	**-**	**-**	**-**
1. Financial liabilities	-	-	-	x	-	x	-	x	x
2. Portfolio	x	x	x	x	x	-	x	-	x
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	x	x	x	x	x	x	-	x	x
2. Portfolio of financial assets and liabilities	x	x	x	x	x	-	-	-	-

Section 8 – Tax liabilities- Item 80

See section 14 of assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

	Total 12/31/2014	Total 12/31/2013
Amounts available to customers and banks for ongoing operations	3,250	3,651
Amounts payable to tax authorities on behalf of third parties	32,301	26,576
Items due	3,003	4,874
Dividends and amounts available to shareholders	1	-
Accrued liabilities	697	639
Deferred income	1,636	1,579
Debts for commitments to FIDT	-	999
Adjustments for illiquid portfolio	84,799	79,376
Balance illiquid portfolio	12,346	95
Transfers and other payments	62,205	81,670
Trade payables and commissions to be charged to various entities	49,639	45,595
Debts for personnel expenses	25,175	24,012
Debts to collective valuations of guarantees and commitments	1,449	1,341
Debts for analytical assessments of guarantees and commitments	-	1,489
Compensation to be paid to auditors and administrators	2,052	2,569
Contributions to be paid to different entities	9,557	8,961
Advances and deposits from customers	1,019	389
Creditors arising out of direct insurance	1,239	2,180
Creditors arising out of reinsurance	191	355
Commission on premiums under collection	18	22
DIR	234	491
Tax liabilities (not income taxes)	1,589	1,092
Recoveries provisionally by way of security pending tax judgments	188	-
Other	11,562	13,955
Total	**304,149**	**301,910**

Pertaining to the banking group

	Total 12/31/2014	Total 12/31/2013
Amounts available to customers and banks for ongoing operations	3,250	3,651
Amounts payable to tax authorities on behalf of third parties	31,426	25,695
Items due	3,003	4,874
Dividends and amounts available to shareholders	1	-
Accrued liabilities	690	632
Deferred income	1,632	1,574
Debts for commitments to FIDT	-	999
Adjustments for illiquid portfolio	84,799	79,376
Balance illiquid portfolio	12,346	95
Transfers and other payments	62,205	81,670
Trade payables and commissions to be charged in different	48,591	44,625
Debts for personnel expenses	24,960	23,756
Debts to collective valuations of guarantees and commitments	1,449	1,341
Debts for analytical assessments of guarantees and commitments	-	1,489
Compensation to be paid to auditors and administrators	2,033	2,539
Contributions to be paid to different entities	9,435	8,835
Advances and deposits from customers	937	307
Creditors arising out of direct insurance	1,135	2,043
Tax liabilities (not income taxes)	1,570	1,083
Recoveries provisionally by way of security pending tax judgments	188	-
Other	8,287	17,144
Total	**297,937**	**297,570**

Pertaining to insurance companies

	Total 12/31/2014	Total 12/31/2013
Amounts payable to tax authorities on behalf of third parties	875	881
Accrued liabilities	7	7
Deferred income	4	4
Trade payables and commissions to be charged to various entities	1,048	970
Debts for personnel expenses	215	256
Compensation to be paid to auditors and administrators	19	30
Contributions to be paid to different entities	122	126
Advances and deposits from customers	82	82
Creditors arising out of direct insurance	104	137
Creditors arising out of reinsurance	191	355
Commission on premiums under collection	18	22
DIR	234	491
Tax liabilities (not income taxes)	19	9
Other	4,784	970
Total	**7,722**	**4,340**

Section 11 - Provision for employee severance pay - Item 110

11.1 Employee termination indemnities: annual changes

	12/31/2014	12/31/2013
A. Opening	**37,818**	**40,943**
B. Increases	**7,834**	**847**
B.1 Provisions	382	334
B.2 Other	7,452	513
C. Decreases	**1,638**	**3,972**
C.1 Payments made	1,356	1,294
- Of which business combinations	1,356	1,294
C.2 Other changes	282	2,678
D. Closing	**44,014**	**37,818**

As indicated by IAS 19R (art. 76), the assumptions about the phenomena that determine the timing and magnitude of future costs that the company will sustain to pay benefits to employees must represent the best estimate of future performance of the phenomena in question.
The technical bases were developed by observing the corporate experience of the period 01.07.2009 - 30.06.2013. As agreed with the parent company, the assumptions thus made, presented below, have been adopted by all Group companies being valued.

Demographic assumptions

- **deaths:** Updated ISTAT survival table, divided by age and sex adopting that of 2012;
- **retirement, resignations / dismissals, expiry of contracts:** these causes have been derived from observation of corporate data. For staff with fixed-term contracts, it has led the horizon of development until the expiry of the contract (there being nothing contractually guaranteed regarding the continuation of the employment relationship) and it has been hypothesized that there are no early terminations/quittings with respect the date the contract expires. In the actuarial valuation there were considered the starting dates for the pensions provided by the Decree Law 6 December 2011, n. 201 entitled *"Urgent measures for growth, equity, and the consolidation of public finances",* converted with amendments by Law 22 December 2011, n. 214, as well as is the discipline to adapt the requirements for access to the pension system to increases in life expectancy in accordance with Article 12 of the Decree Law 31 May 2010, n. 78, converted with amendments by Law 30 July 2010, n. 122.
- **Employee severance indemnity advances:** in order to take into account the effects that these advances have on the timing of payments of severance pay, and, therefore, on the discounting of the company debt, there were created the chances of a release of part of the volumes matured. The annual frequency of anticipation, inferred by observation of corporate data, has been set equal to 1.9%, while the percentage of Employee severance indemnity requested as advance was confirmed at 70%, or the maximum provided by law;
- **supplementary pensions:** those who have always paid their Employee severance indemnity to a complementary pension release the company from commitments in terms of severance pay and, therefore, are not subject to evaluation. With reference to the other employees, however, the estimates were made considering their actual choices by employees up to date 31.12.2014 as announced by the Society A to Brosel updated on 28.11.2014.

Financial assumptions

The method required by IAS 19R requires the adoption of economic-financial technical bases that reflect their influence is on the development perspective of flows (as a result of wage increases and predictable inflationary scenarios), and, above all, regarding the discounting at the date of evaluation of the estimated liability of the Company. The discount rate, in fact, is the main assumption on which the processing results depend in an appreciable manner.
In particular, the assumptions adopted in the actuarial valuation are:

1. inflation: with reference to the first assumption, it was decided to adopt a rate of 1% as a medium scenario of expected inflation derived from the "Document of Economics and Finance 2014", followed by "the Update of the Economy and Finance 2014 ".

2. Salary increases: with reference to the wage increases, the phenomenon has been considered taking account of two components: the first of a meritocratic and contractual nature, the second regarding inflation.
   - As regards the first part there was adopted a null rate of annual increase.
   - With reference to the second component mentioned, there were considered the inflation levels mentioned in point 1.

   Please remember that the assumption regarding wage trend was adopted only for the Group companies that are not required to deposit the severance pay to the Treasury Fund managed by INPS, inasmuch as only these do the actuarial valuation of Employee severance indemnity continue to consider the Employee severance indemnity future annual installments accrued by employees (and not paid to pension funds).
3. the discount rates: Under IAS 19R, the discount rate used is determined by reference to market yields of bonds of primary companies at the valuation date. In this regard, it used the Composite AA yield curve (source: Bloomberg) as at 31 December 2014 for all the group companies and at 28 November 2014 for Brosel.

Pertaining to the banking group

	12/31/2014	12/31/2013
A. Opening	**37,119**	**40,200**
B. Increases	**7,756**	**795**
B.1 Provisions	337	282
B.2 Other	7,419	513
C. Decreases	**1,598**	**3,876**
C.1 Payments made	1,317	1,293
- of which business combinations	1,317	1,293
C.2 Other changes	281	2,584
D. Closing	**43,277**	**37,119**

Pertaining to insurance companies

	12/31/2014	12/31/2013
A. Opening	**699**	**743**
B. Increases	**78**	**52**
B.1 Provisions	45	52
B.2 Other	33	
C. Decreases	**40**	**96**
C.1 Payments made	39	1
- Of which business combinations	39	1
C.2 Other changes	1	95
D. Closing	**737**	**699**

Section 12 - Provisions for risks and charges - Item 120

12.1 Provisions for risks and charges: breakdown

Items/Components	12/31/2014	12/31/2013
1. Company pension funds	-	-
2. Other provisions for risks and charges	45,909	40,537
2.1 Legal disputes and customer complaints	10,612	11,005
2.2 personnel charges	3,678	460
2.3 operational risks	21,348	21,584
2.4 indemnities and termination of the agency relationship	4,136	3,344
2.5 Other	6,135	4,144
Total	**45,909**	**40,537**

The table below is a list of the most significant contingent liabilities - arising from disputes and quarrels of a fiscal nature - that the Group has determined as possible but not probable and in reference to which, therefore, provisions are not posted:

- Banca Sella Holding: notices of liquidation highlighting the mode of application of a stamp duty on the daily transactions book. Periods from 2003 to 2005. Total amount of litigation (including taxes, interest, penalties and collection fees): about 5.8 million euro. Amounts paid provisionally pending judgment and still waiting for a refund: about 0.2 million euro. In April 2014 there was filed by the Ctp of Biella the decision at the Court of First instance in favor of the Bank. Furthermore there were already issued three judgments of II degree in favor of other financial intermediaries (as opposed to just one unfavorable) relating to similar disputes. The evaluation was also supported by favorable opinions on the conduct of the Bank, expressed from time to time by a major tax firm, also based on the content of the resolution n. 371/E of 2008 of Inland Revenue, and the Italian Banking Association. We also it points out that the explanations provided by Inland Revenue, by resolution. 161/E of 2007 may, in the unlikely event of their non-acceptance of the Bank’s main argument, reduce very substantially the scope of a tax claim;
- Banca Sella Holding: assessment notices highlighting corporate income tax IRPEG and IRAP tax base (in particular regarding the treatment of credit losses and plus the sale of investments). Period 1999. Total amount of litigation (including taxes, interest and penalties): about 1.2 million euro. Amounts paid provisionally pending judgment: about 0.3 million euro. Pending the judgment of first instance. The evaluation was also supported by an opinion expressed by a leading tax firm, conducive to the conduct of the Bank. Although convinced of the correctness of the work of the Bank, it was evaluated positively the proposal for conciliation made by Inland Revenue, in a mere optic of deflationary litigation and in view of the very significant reduction of the tax claim. The total cost, amounting to about 0.17 million euro, has been set aside in a special fund risks already present in a budget;
- Banca Sella Holding: assessment notices with reliefs in terms of tax base IRES and IRAP. Period 2009. Total amount of litigation (including taxes, interest and penalties): about 1.1 million euro. The surveys cover in particular the treatment of IRAP revenues for intercompany services and treatment for IRES of negative differences on operations of repurchase agreements. The evaluation was also supported by the opinions expressed by a leading tax firm, and Assonime, regarding the issue of repurchase agreements, both of which support the conduct of the Bank;
- Banca Sella (former Banca Sella Sud Arditi Galati, merged in the year 2011): notice of assessment with remarks regarding the tax base IRES. Period in 2005. Total amount of litigation (including taxes, interest and penalties): about 0.7 million euro. Amounts paid provisionally pending judgment: about 0.2 million euro. Decision at first instance in favor. Pending the ruling of second degree;

- Biella Leasing: assessment notices with highlighting tax base for VAT on nautical leasing. Periods in 2003 and 2004. Total amount of litigation (including taxes, interest and penalties): about 2.9 million euro. Amounts paid provisionally pending judgment: about 0.2 million euro. Decision at first and second degree favorable to the Company with a reference to 2004. Filed in March 2015, the decision at first instance in relation to 2003, with partially favorable outcome. The evaluation was also supported by an opinion expressed by a leading tax firm, favorable to the conduct of the company;
- Sella Synergy India: assessment order highlighting terms of scope of a transfer value of the intragroup company branch. Period 2009/2010.Total amount of litigation (including taxes and interest): about 2 million euro at year-end rate. The evaluation was also supported by the opinions expressed by leading local professionals, favorable to the conduct of the Society a foreign.

During the month of February 2015 Banca Sella Holding SpA - Biella and Miret S.A. - Luxembourg were given a citation before the Court of Luxembourg. The advice from independent external legal acquired pro veritate confirms the inadmissibility and substantially unfounded nature of the claim.

Pertaining to the banking group

Items/Components		12/31/2014	12/31/2013
1. Company pension funds		-	-
2. Other provisions for risks and charges		45,771	40,398
2.1 Legal disputes and customer complaints		10,612	11,005
2.2 personnel charges		3,678	460
2.3 operational risks		21,313	21,549
2.4 indemnities and termination of the agency relationship		4,136	3,344
2.5 Other		6,032	4,040
	Total	**45,771**	**40,398**

Pertaining to insurance companies

Items/Components		12/31/2014	12/31/2013
1. Company pension funds		-	-
2. Other provisions for risks and charges		138	139
2.1 legal disputes and customer complaints		-	-
2.2 personnel charges		-	-
2.3 operational risks		35	35
2.4 indemnities and termination of the agency relationship		-	-
2.5 other		103	104
	Total	**138**	**139**

12.2 Provisions for risks and charges: annual changes

Items/components	Provisions for pensions	Legal disputes and customer complaints	Operational risks	Personnel charges	Indemnities and termination of the agency rel.	Other
A. Opening	**-**	**11,005**	**21,584**	**460**	**3,344**	**4,144**
B. Increases	**-**	**2,341**	**828**	**3,393**	**1,162**	**3,159**
B.1 Provisions	-	2,280	186	3,379	1,162	3,091
B.2 Changes due to the passage of time	-	34	113	6	-	4
B.3 Changes due to changes in discount rate	-	27	514	6	-	-
B.4 Other	-	-	15	2	-	64
- Business combinations	-	-	-	-	-	-
- exchange difference calculated (-)	-	-	15	-	-	-
- Other changes (+)	-	-	-	2	-	64
C. Decreases	**-**	**2,734**	**1,064**	**175**	**370**	**1,168**
C.1 Use during the year	-	1,870	523	175	281	1,141
C.2 Changes due to changes in discount rate	-	-	1	-	14	-
C.3 Other changes	-	864	540	-	75	27
- Business combinations	-	-	-	-	-	-
- exchange difference calculated (-)	-	-	-	-	-	-
- other changes (-)	-	864	540	-	75	27
D. Closing	**-**	**10,612**	**21,348**	**3,678**	**4,136**	**6,135**

Pertaining to the banking group

Items/components	Provisions for pensions	Legal disputes and customer complaints	Operational risks	Personnel charges	Indemnities and termination of the agency rel.	Other
A. Opening	**-**	**11,005**	**21,549**	**460**	**3,344**	**4,040**
B. Increases	**-**	**2,341**	**828**	**3,393**	**1,162**	**3,158**
B.1 Provisions	-	2,280	186	3,379	1,162	3,090
B.2 Changes due to the passage of time	-	34	113	6	-	4
B.3 Changes due to changes in discount rate	-	27	514	6	-	-
B.4 Other	-	-	15	2	-	64
- Business combinations	-	-	-	-	-	-
- Exchange difference calculated (-)	-	-	15	-	-	-
- Other changes (+)	-	-	-	2	-	64
C. Decreases	**-**	**2,734**	**1,064**	**175**	**370**	**1,166**
C.1 Use during the year	-	1,870	523	175	281	1,139
C.2 Changes due to changes in discount rate	-	-	1	-	14	-
C.3 Other changes	-	864	540	-	75	27
- Business combinations	-	-	-	-	-	-
- exchange difference calculated (-)	-	-	-	-	-	-
- other changes (-)	-	864	540	-	75	27
D. Closing	**-**	**10,612**	**21,313**	**3,678**	**4,136**	**6,032**

Pertaining to insurance companies

Items/components	Provisions for pensions	Legal disputes and customer complaints	Operational risks	Personnel charges	Indemnities and termination of the agency rel.	Other
A. Opening	**-**	**-**	**35**	**-**	**-**	**104**
B. Increases	**-**	**-**	**-**	**-**	**-**	**1**
B.1 Provisions	-	-	-	-	-	1
B.2 Changes due to the passage of time	-	-	-	-	-	-
B.3 Changes due to changes in discount rate	-	-	-	-	-	-
B.4 Other	-	-	-	-	-	-
- Business combinations	-	-	-	-	-	-
- exchange difference calculated (-)	-	-	-	-	-	-
- Other changes (+)	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**-**	**-**	**2**
C.1 Use during the year	-	-	-	-	-	2
C.2 Changes due to changes in discount rate	-	-	-	-	-	-
C.3 Other changes	-	-	-	-	-	-
- Business combinations	-	-	-	-	-	-
- exchange difference calculated (-)	-	-	-	-	-	-
- other changes (-)	-	-	-	-	-	-
D. Closing	**-**	**-**	**35**	**-**	**-**	**103**

12.4 Provisions for risks and charges: other

It should be noted that it is not filled in section 12.4 as details of other funds have been provided in table 12.1.

Section 13 - Technical reserves - Item 130

13.1 provisions: breakdown

	Direct business	Indirect business	Total 12/31/2014	Total 12/31/2013
A. Non-life	**1,136**	**-**	**1,136**	**1,159**
A.1 Reserves awards	324	-	324	386
A.2 Claims Reserves	229	-	229	241
A.3 Other reserves	583	-	583	532
B. Life insurance	**709,322**	**-**	**709,322**	**593,502**
B.1 Mathematical reserves	651,030	-	651,030	574,835
B.2 reserves for amounts payable	7,523	-	7,523	6,148
B.3 Other reserves	50,769	-	50,769	12,519
C. Technical reserves where the investment risk is borne by insurers	**4,190**	**-**	**4,190**	**26,875**
C.1 reserves for contracts whose benefits are linked to investment funds and market indices	4,190	-	4,190	26,875
C.2 Reserves deriving from pension fund management	-	-	-	-
D. Total technical reserves	**714,648**	**-**	**714,648**	**621,536**

13.2 Technical reserves: annual changes

Items/ components	Non-life business						Life insurance						Technical reserves insurance risk			
	Premium reserves		Claims reserve		Other reserves		Mathematical reserves		Reserves for outstanding claims		Other reserves		Investment and market index funds		Pension funds	
	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business	Direct business
A. Opening	**386**	**-**	**241**	**-**	**532**	**-**	**574,835**	**-**	**6,148**	**-**	**12,519**	**-**	**26,875**	**-**	**-**	**-**
Increases	**-**	**-**	**-**	**-**	**51**	**-**	**76,245**	**-**	**1,375**	**-**	**38,250**	**-**	**-**	**-**	**-**	**-**
- Business combinations - mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign exchange automatic (+)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in scope of consolidation (+)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in method of consolidation and% (+)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other changes (+)	-	-	-	-	51	-	76,245	-	1,375	-	38,250	-	-	-	-	-
Decreases	**62**	**-**	**12**	**-**	**-**	**-**	**50**	**-**	**-**	**-**	**-**	**-**	**22,685**	**-**	**-**	**-**
- Automatic exchange differences (-)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in scope of consolidation (-)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Change in consolidation method % and (-)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other changes (-)	62	-	12	-	-	-	50	-	-	-	-	-	22,685	-	-	-
B. Closing	**324**	**-**	**229**	**-**	**583**	**-**	**651,030**	**-**	**7,523**	**-**	**50,769**	**-**	**4,190**	**-**	**-**	**-**

Section 15 - Shareholders' Group - Item 140,160,170,180,190,200 and 220

Assets of the Group: breakdown

	12/31/2014	12/31/2013
1. Capital	107,014	107,014
2. Share premium	105,551	105,551
3. Legal reserve	472,550	441,710
4. Treasury shares	-	-
a) parent company	-	-
b) subsidiaries	-	-
5. Valuation reserves	18,382	11,291
6. Equity instruments	-	-
7. Profit (loss) for the year Group	70,475	34,892
Total	**773,971**	**700,458**

15,1 "Capitale" e "Azioni proprie": composizione

	12/31/2014			12/31/2013		
	Shares issued	Shares subscribed and not yet paid	Total	Shares issued	Shares subscribed and not yet paid	Total
A. Capital						
A.1 Common Shares	104,988	-	104,988	104,988	-	104,988
A.2 shares Savings	-	-	-	-	-	-
A.3 Preference Shares	-	-	-	-	-	-
A.4 Other shares	2,026	-	2,026	2,026	-	2,026
B. Treasury shares						
B.1 Ordinary shares	-	-	-	-	-	-
B.2 shares Savings	-	-	-	-	-	-
B.3 Preference Shares	-	-	-	-	-	-
B.4 Other shares	-	-	-	-	-	-

15.2 Share capital - Number of shares: annual changes

Items / Types	Ordinarie	Altre
A. Shares outstanding at beginning of year	**209,976,000**	**4,051,340**
- fully paid	209,976,000	4,051,340
- not fully paid	-	-
A.1 Treasury shares (-)	-	-
A.2 Shares outstanding: opening	**209,976,000**	**4,051,340**
B. Increases	**-**	**-**
B.1 New issues	-	-
- paid	-	-
- operations of business combinations	-	-
- conversion of bonds	-	-
- exercise of guarantees	-	-
- other	-	-
- free of charge	-	-
- for employees	-	-
- in favor of directors	-	-
- other	-	-
B.2 sale of treasury shares	-	-
B.3 other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of own shares	-	-
C.3 Disposal of businesses	-	-
C.4 Other changes	-	-
D. Shares outstanding: closing	**209,976,000**	**4,051,340**
D.1 Treasury shares (+)	-	-
D.2 Shares outstanding at end of year	-	-
- fully paid	-	-
- not fully paid	-	-

The other actions are referred to special actions issued in 2013 by Banca Sella Holding in relation to the increase paid in capital reserved for employees, retirees, or Stable Collaborators or ordinary members.

15.3 Capital: other information

	Total 12/31/2014	Total 12/31/2013
Par value per share (zero if the shares have no nominal value)	0.5	0.5
Fully paid:		
Number	214,027,340	214,027,340

Banca Sella Holding has not, during the year, held, purchased or sold shares or quotas.

15.4 Retained earnings: other information

	12/31/2014	12/31/2013
Legal reserve	28,759	28,759
Statutory reserves	86,044	78,803
Other	357,747	334,148
Total reserves	**472,550**	**441,710**

Section 16 - Minority interests - Item 210

Table 16.1 is not valued in terms of the budget, within the equity pertaining to third parties, there are no capital instruments. The table below shows the composition of the assets attributable to minority interests:

Equity belonging to third parties

	12/31/2014	12/31/2013
Capital	39,741	39,807
Surcharges emissions	43,393	43,477
Stocks	8,439	6,482
Revaluation reserves	2,238	1,336
Profit (loss) for the period attributable to minority interests	(607)	3,446
Total	**93,204**	**94,548**

Other information

1. Guarantees and commitments

Operations	Amount 12/31/2014	Amount 12/31/2013
1) Guarantees of a financial nature	49,603	61,192
a) Banks	17,755	18,023
b) Customers	31,848	43,169
2) Guarantees of a commercial nature	198,384	206,363
a) Banks	190	63
b) Customers	198,194	206,300
3) Irrevocable commitments to disburse funds	409,868	514,548
a) Banks	28,748	59,575
i) for certain use	28,748	59,575
ii) uncertain	-	-
b) Customers	382,211	454,973
i) for certain use	77,561	174,455
ii) uncertain	304,650	280,518
4) Commitments underlying credit derivatives: protection sales	-	-
5) Assets pledged as collateral for third parties	21,153	29,717
6) Other commitments	10,733	10,733
Total	**690,832**	**822,553**

2. Assets pledged as collateral for liabilities and commitments

Portafolios	Amount 12/31/2014	Amount 12/31/2013
1. Financial assets held for trading	92,761	76,668
2. Financial assets at fair value	-	-
3. Financial assets available for sale	548,650	238,428
4. Financial assets held to maturity	-	313,664
5. Due from banks	-	9,367
6. Loans to customers	-	89,343
7. Property and equipment	-	-

The item financial assets held for trading consists of securities used to guarantee:

- Repurchase agreement transactions;
- advances from Bank of Italy;
- transactions in derivatives.

The item financial assets available for sale consists of securities used to guarantee:

- Repurchase agreement transactions;

The financial assets held to maturity consists of securities used to guarantee:

- Repurchase agreement transactions;
- cashier's cheques at the Bank of Italy;
- advances from Bank of Italy;
- transactions in derivatives.

Amounts due from banks consists of securities used to guarantee:

- Repurchase agreement transactions.

The item loans to customers consists of securities used to guarantee:

- Repurchase agreement transactions.

Repurchase agreement transactions

There are no special terms and conditions associated with this guarantee.

Issuing bank drafts

Banks authorized to issue bank drafts are required to pay a deposit at the Bank of Italy. The minimum value of the deposit paid is 20% of the amount of checks in circulation. Bank of Italy holds the security lodged and checks the congruity of the amount with respect to the minimum size in relation to the circulation of bank drafts and the release of the securities deposited.

Banks showing misalignments in the amount of the deposit must take appropriate corrective action, consisting, as appropriate, in the rectification of reports at the first favorable opportunity or the integration of the deposits, to be made within 5 days after the signalling. In case of failure to integrate or breach of the rules on the size and composition of the deposits there can be applied to banks the fine from 516.46 euro to 25,822.84 euro, pursuant to art. 144, paragraph 1, of Legislative Decree no. 385/93.

Advances by the Bank of Italy

For advances granted by the Bank of Italy in order to finance, during the same work day, any time lags between payments and receipts, the Group banks are required to pledge its assets, which are in entered in the special deposit account in collateral held with the Bank of Italy.

In case of failure to establish the pledge on time, and the failure persists, the Bank of Italy may terminate the contract. This resolution determines the immediate closure of the account of intra-day advance, and, therefore, the obligation of repayment of the debt on the same account and repayment of loans.

Trading in derivatives

Banca Sella Group banks adhere to the guarantee scheme run by the Cassa di Compensazione e Garanzia company, by the payment of margins. The final settlement of Contractual Positions on Derivative Financial Instruments may be by differential settlement for cash or "delivery" of the underlying asset, in accordance with its Contractual Scheme.

In the event of default or insolvency, the Cassa di Compensazione e Garanzia company provides for the closure of the accounts of the causes and the charges incurred for the intervention.

4. Breakdown of investments relating to unit-linked and index-linked policies

	Amount 12/31/2014	Amount 12/31/2013
I. Land and buildings	-	-
II. Investments in Group companies and affiliates	-	-
1. Equity	-	-
2. Bonds	-	-
3. Loans	-	-
III. Shares of mutual funds	-	-
IV. Other financial investments	590,884	627,311
1. Equity	439,131	364,478
2. Bonds and other fixed-income securities	141,118	256,739
3. Deposits with credit institutions	-	-
4. Other financial investments	10,635	6,096
V. Other activities	-	-
VI. Cash	39,789	36,447
Total	**630,673**	**663,760**

5. Management and brokerage for third parties

Type of services	Amount 12/31/2014	Amount 12/31/2013
1. Execution of orders on behalf of customers	**120,503,006**	**108,311,503**
a) purchases	60,359,379	54,679,811
1. regulated	60,330,021	54,649,829
2. unregulated	29,358	29,982
b) sales	60,143,627	53,631,692
1. regulated	60,116,718	53,601,834
2. not regulated	26,909	29,858
2. Portfolio management	**3,672,482**	**3,178,170**
a) Individual	3,488,543	2,984,147
b) Collective	183,939	194,023
3. Custody and administration of securities	**32,988,734**	**35,114,007**
a) third-party securities on deposit: related to role of depositary bank (excluding portfolio management)	-	-
1. securities issued by companies included in consolidation	-	-
2. Other securities	-	-
b) third-party securities on deposit (excluding portfolio management): other	11,318,047	11,123,157
1. securities issued by companies included in consolidation	261,800	791,130
2. Other securities	11,056,247	10,332,027
c) third-party securities deposited with third parties	17,870,224	17,197,972
d) own securities deposited with third parties	3,800,463	6,792,878
4. Other transactions	**134,815,494**	**118,152,921**

In the item "Other operations" there has been added the volume of business of the reception and transmission of orders which breaks down as follows: purchases: 68,102,064 Sales: 66,713,430

The following table shows the detailed breakdown of the indirect funding of Gruppo Banca Sella:

Indirect funding detail

	12/31/2014	12/31/2013
a) Indirect funding related to the management and trading on behalf of third parties (see table above)		
- Portfolio management	3,672,481	3,178,170
- Custody and administration of securities:		
- Third-party securities on deposit associated with depositary bank (excluding portfolio management of assets) - Other securities	-	-
- Other third-party securities on deposit (excluding asset management): other - Other securities	10,682,603	10,332,027
b) Indirect related to insurance policies	1,307,702	984,317
Total indirect funding	**15,662,786**	**14,494,514**

6. Financial liabilities subject to compensation in the financial statements, or subject to framework agreements of compensation or similar agreements

Technical forms	Gross amount of financial assets (a)	Amount of financial assets offset in the	Net amount of financial assets reported in	Related amounts not subject to compensation in fin. stats.		Net amount 12/31/2014 (f=c-d-e)	Net amount 12/31/2013
				Financial instruments (d)	Deposits of cash received as collateral(s)		
1. Derivatives	23,754	-	23,754	16,159	550	7,045	3,170
2. Repurchase agreements	64,741	-	64,741	64,682	-	59	21
3. Securities Lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 12/31/2014	**88,495**	**-**	**88,495**	**80,841**	**550**	**7,104**	**x**
Total 12/31/2013	**136,525**	**-**	**136,525**	**131,445**	**1,889**	**x**	**3,191**

7. Financial liabilities subject to compensation in the financial statements, or subject to framework agreements of compensation or similar agreements

Technical forms	Gross amount of financial liabilities (a)	Amount of financial liabilities in the balance sheet offset (b)	Net amount of financial liabilities reported in the balance sheet (c = ab)	Related amounts not subject to compensation in balance sheet		Net amount 12/31/2014 (f=c-d-e)	Net amount 12/31/2013
				Financial instruments (d)	Cash deposits in guarantee (s)		
1. Derivatives	165,858	-	165,858	66,526	99,332	-	-
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities Lending	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-
Total 12/31/2014	**165,858**	**-**	**165,858**	**66,526**	**99,332**	**-**	**x**
Total 12/31/2013	**140,321**	**-**	**140,321**	**72,794**	**67,527**	**x**	**-**

OTC derivatives present in the above tables relate to the categories of swaps, interest rate options and options on exchange rates.
The valuation of the swap rate is made according to the method of the discounted-cash-flow (DCF), which is the de facto industry standard, and which uses as input data the swap yield curve relative to the currency of the contract. This curve is periodically detected by the one published by the leading financial information providers (Bloomberg / Reuters) present at the Bank. Where the structure of the swap is more complex, and does not allow a reasonable certainty in the estimate of the contract value, there is an evaluation of the contract to the counterparty to the transaction.
The rate options are exclusively represented by cap and floor, and are valued according to the Black model. This choice is based on the consideration that alternative models would pose the problem of calibration parameters for the stage of pricing and would not provide a significant improvement in the estimated price. Additional elements to favor this choice are connected with the consideration that a wide array of implicit volatility is reported by the leading financial information providers, in combination with the option prices for the same standard deadlines.
The foreign exchange options, whether "plain vanilla" and "exotic " (European or American barrier options) are valued according to the Black & Scholes model. Volatility curves necessary to calculate the implied volatility of each option and stock prices and the foreign exchange market rate used in the valuation of contracts, are taken from leading financial information providers in the Bank (Bloomberg). In the case of more complex structures of exotic options such as to prevent a reasonable certainty in the value of the

contract, where possible there is used an internally developed evaluation algorithm, or, where possible, there is requested an evaluation of the same to a third party with respect to the operation. These assessments, where present, contribute in the determination of the price together with the valuation provided by the counterparty to the transaction.

With regard to exposure in OTC derivatives quantification of corrective CVA (for active exposure) and DVA (for passive exposure) it is carried out by Dealer Wizard for all contracts except for those covered by netting agreements and collateral (eg. ISDA , CSA, etc.).

According to IAS 32, paragraph 42: "A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when and only when an entity:

(A) currently has a legally enforceable right to offset the recognized amounts; and

(B) the intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not meet the conditions required for the elimination, the entity shall not offset the transferred asset and the associated liability (see IAS 39, paragraph 36)."

The Group does not make use of the aforementioned compensation and therefore did not consider it necessary to disclose the information required by the 3rd update from Circ.262/05.

Part C – Information on the Consolidated Income Statement

Section 1 - Interest - Items 10 and 20

1.1 Interest and similar income:

Items / Technical forms	Debt securities	Loans	Other operations	Total 12/31/2014	Total 12/31/2013
1. Financial assets held for trading	11,174	-	361	11,535	12,362
2. Financial assets at fair value	449	-	1,303	1,752	4,367
3. Financial assets available for sale	34,408	-	-	34,408	30,391
4. Financial assets held to maturity	32,043	-	-	32,043	44,217
5. Due from banks	623	658	-	1,281	2,972
6. Loans to customers	12	338,407	338	338,757	359,029
7. Hedging derivatives	x	x	7,613	7,613	10,661
8. Other assets	x	x	215	215	81
Total	**78,709**	**339,065**	**9,830**	**427,604**	**464,080**

Below is the breakdown of the accrued interest on loans, substandard loans, loans past due / overdue and rescheduled loans:

Interest and similar income: The interest accrued on impaired loans

Items	12/31/2014	12/31/2013
- accrued on loans	258	341
- accrued on impaired loans	12,790	10,287
- accrued on loans past due / overdue	2,726	4,190
- accrued on restructured	273	267

Pertaining to the banking group

Items / Technical forms	Debt securities	Loans	Other operations	Total 12/31/2014	Total 12/31/2013
1. Financial assets held for trading	11,174	-	355	11,529	12,360
2. Financial assets at fair value	-	-	-	-	-
3. Financial assets available for sale	24,023	-	-	24,023	22,368
4. Financial assets held to maturity	27,543	-	-	27,543	37,845
5. Due from banks	344	650	-	994	2,615
6. Loans to customers	12	338,407	338	338,757	359,029
7. Hedging derivatives	x	x	7,613	7,613	10,661
8. Other assets	x	x	215	215	81
Total	**63,096**	**339,057**	**8,521**	**410,674**	**444,959**

Pertaining to insurance companies

Items / Technical forms	Debt securities	Loans	Other operations	Total 12/31/2014	Total 12/31/2013
1. Financial assets held for trading	-	-	6	6	2
2. Financial assets at fair value	449	-	1,303	1,752	4,367
3. Financial assets available for sale	10,385	-	-	10,385	8,023
4. Financial assets held to maturity	4,500	-	-	4,500	6,372
5. Due from banks	279	8	-	287	357
6. Loans to customers	-	-	-	-	-
7. Hedging derivatives	x	x	-	-	-
8. Other assets	x	x	-	-	-
Total	**15,613**	**8**	**1,309**	**16,930**	**19,121**

1.3 Interest and similar income: other information

1.3.1 Interest income on financial assets in foreign currency

Items	12/31/2014	12/31/2013
Interest income on foreign currency financial assets	1,040	2,700

1.3.2 Interest income on finance leases

Items	12/31/2014	12/31/2013
Interest income on finance leases	38,956	41,089

1.4 Interest expense and similar charges: breakdown

Items / Technical forms	Debts	Security	Other operations	Total 12/31/2014	Total 12/31/2013
1. Due to central banks	952	x	-	952	3,095
2. Due to banks	4,811	x	-	4,811	3,973
3. Due to customers	63,684	x	-	63,684	82,561
4. Outstanding securities	x	20,980	-	20,980	26,836
5. Trading liabilities	347	-	266	613	378
6. Financial liabilities at fair value	-	-	-	-	-
7. Other liabilities and provisions	x	x	240	240	233
8. Hedging	x	x	31,531	31,531	38,384
Total	**69,794**	**20,980**	**32,037**	**122,811**	**155,460**

Pertaining to the banking group

Items / Technical forms	Debts	Security	Other operations	Total 12/31/2014	Total 12/31/2013
1. Due to central banks	952	x	-	952	3,095
2. Due to banks	4,811	x	-	4,811	3,973
3. Due to customers	63,684	x	-	63,684	82,561
4. Outstanding securities	x	20,704	-	20,704	26,517
5. Trading liabilities	347	-	266	613	378
6. Financial liabilities at fair value	-	-	-	-	-
7. Other liabilities and provisions	x	x	34	34	15
8. Hedging	x	x	31,531	31,531	38,384
Total	**69,794**	**20,704**	**31,831**	**122,329**	**154,923**

Pertaining to insurance companies

Items / Technical forms	Debts	Security	Other operations	Total 12/31/2014	Total 12/31/2013
1. Due to central banks	-	x	-	-	-
2. Due to banks	-	x	-	-	-
3. Due to customers	-	x	-	-	-
4. Outstanding securities	x	276	-	276	319
5. Trading liabilities	-	-	-	-	-
6. Financial liabilities at fair value	-	-	-	-	-
7. Other liabilities and provisions	x	x	206	206	218
8. Hedging	x	x	-	-	-
Total	**-**	**276**	**206**	**482**	**537**

1.5 Interest expense and similar charges: differences on hedging transactions

Items	12/31/2014	12/31/2013
A. Positive differentials on hedging transactions	7,613	10,661
B. Negative differentials on hedging transactions	31,531	38,384
C. Balance (A-B)	**(23,918)**	**(27,723)**

1.6 Interest expense and similar charges: other information

1.6.1 Interest expense on foreign currency liabilities

Items	12/31/2014	12/31/2013
Interest expense on financial liabilities in foreign currency	1,668	1,452

Section 2 - Commissions - Items 40 and 50

2.1 Commission income: breakdown

Type of service / Amount	Total 12/31/2014	Total 12/31/2013
a) Guarantees	3,451	5,300
b) credit derivatives	-	-
c) management, brokerage and advisory services:	131,267	122,330
1. trading in financial instruments	1,579	3,274
2. currency trading	1,597	1,325
3. portfolio management	53,926	47,153
3.1. Individual	32,202	28,295
3.2. collective	21,724	18,858
4. custody and administration of securities	2,012	2,265
5. depository	-	-
6. placement of securities	27,426	22,712
7. receipt and transmission of orders	29,942	31,068
8. advisory	1,226	586
8.1 Investment	660	426
8.2 in capital structure	566	160
9. distribution of third party services	13,559	13,947
9.1 portfolio management	88	131
9.1.1. Individual	88	131
9.1.2. collective	-	-
9.2 insurance products	13,151	13,763
9.3 other products	320	53
d) collection and payment	108,152	106,251
e) servicing for securitization transactions	322	2
f) services for factoring transactions	-	-
g) tax collection services	-	-
h) management of multilateral trading facilities	-	-
i) holding and management of current accounts	23,217	22,949
j) other services	56,297	60,960
Total	**322,706**	**317,792**

The improvement of the item is given by the component of the revenues from the indirect funding and the component related to payment systems and insurance.

Below is the breakdown of subheading relative to other services:

Commission income: detail of the item "Other services"

	12/31/2014	12/31/2013
- credit cards and debit cards	12,197	11,803
- recovery of expenses on loans to customers	13,304	1,264
- fees and commissions on relations with credit institutions	477	620
- renting safes	189	178
- recovery postage, printing, etc.	1,904	1,660
- commissions on loans granted to customers	20,707	34,876
Other	7,519	10,559
Total "other services"	**56,297**	**60,960**

Pertaining to the banking group

Type of service / Amount	Total 12/31/2014	Total 12/31/2013
a) Guarantees	3,451	5,300
b) credit derivatives	-	-
c) management, brokerage and advisory services:	127,333	120,549
1. trading in financial instruments	1,579	3,274
2. currency trading	1,597	1,325
3. portfolio management	49,992	45,372
3.1. Individual	32,202	28,295
3.2. collective	17,790	17,077
4. custody and administration of securities	2,012	2,265
5. depository	-	-
6. placement of securities	27,426	22,712
7. receipt and transmission of orders	29,942	31,068
8. advisory	1,226	586
8.1 Investment	660	426
8.2 in capital structure	566	160
9. distribution of third party services	13,559	13,947
9.1 portfolio management	88	131
9.1.1. individual	88	131
9.1.2. collective	-	-
9.2 insurance products	13,151	13,763
9.3 other products	320	53
d) collection and payment	108,152	106,251
e) servicing for securitization transactions	322	2
f) services for factoring transactions	-	-
g) tax collection services	-	-
h) management of multilateral trading facilities	-	-
i) holding and management of current accounts	23,217	22,949
j) other services	56,208	60,620
Total	**318,683**	**315,671**

Below is the breakdown of subheading relative to other services of the banking group:

Commission income: detail of the item "Other services"

	12/31/2014	12/31/2013
- Credit cards and debit cards	12,197	11,803
- Recovery of expenses on loans to customers	13,304	1,264
- Fees and commissions on relations with credit institutions	477	620
- Renting safes	189	178
- Recovery postage, printing, etc.	1,904	1,660
- Commissions on loans granted to customers	20,707	34,876
Other	7,430	10,219
Total "other services"	**56,208**	**60,620**

Pertaining to insurance companies

Type of service / Amount	Total 12/31/2014	Total 12/31/2013
a) guarantees	-	-
b) credit derivatives	-	-
c) management, brokerage and advisory services:	3,934	1,781
1. trading in financial instruments	-	-
2. currency trading	-	-
3. portfolio management	3,934	1,781
3.1. individual	-	-
3.2. collective	3,934	1,781
4. custody and administration of securities	-	-
5. depository	-	-
6. placement of securities	-	-
7. receipt and transmission of orders	-	-
8. advisory	-	-
8.1 Investment	-	-
8.2 in capital structure	-	-
9. distribution of third party services	-	-
9.1 portfolio management	-	-
9.1.1. Individual	-	-
9.1.2. collective	-	-
9.2 insurance products	-	-
9.3 other products	-	-
d) collection and payment	-	-
e) servicing for securitization transactions	-	-
f) services for factoring transactions	-	-
g) tax collection services	-	-
h) management of multilateral trading facilities	-	-
i) holding and management of current accounts	-	-
j) other services	89	340
Total	**4,023**	**2,121**

2.2 Commission expense: breakdown

Services / Values	Total 12/31/2014	Total 12/31/2013
a) guarantees received	3,149	3,386
b) credit derivatives	-	-
c) management and brokerage services:	43,793	37,110
1. trading in financial instruments	4,396	4,285
2. currency trading	1	2
3. portfolio management:	616	614
3.1 own	103	141
3.2 third-party	513	473
4. custody and administration of securities	750	754
5. placement of financial instruments	1,059	1,156
6. external marketing of financial instruments, products and services	36,971	30,299
d) collection and payment	53,137	52,281
e) other services	5,560	6,060
Total	**105,639**	**98,837**

There have been higher commission expenses on financial instruments, products and services due to the contraction of the negotiation, especially in the bond sector, whose performance was affected by a scenario of low interest rates and yields close to zero.

Below is the breakdown of the subheading relative to other services:

Commission expense: detail of the item "Other services"

	12/31/2014	12/31/2013
dealing with banks	465	630
funding	1,308	795
brokerage	-	1,359
- other	3,787	3,276
Total "Other services"	**5,560**	**6,060**

Pertaining to the banking group

Services / Values	Total 12/31/2014	Total 12/31/2013
a) guarantees received	3,149	3,386
b) credit derivatives	-	-
c) management and brokerage services:	43,463	36,719
1. trading in financial instruments	4,396	4,285
2. currency trading	1	2
3. portfolio management:	286	223
3.1 own	6	1
3.2 third-party	280	222
4. custody and administration of securities	750	754
5. placement of financial instruments	1,059	1,156
6. external marketing of financial instruments, products and services	36,971	30,299
d) collection and payment	53,126	52,264
e) other services	5,557	6,057
Total	**105,295**	**98,426**

Pertaining to insurance companies

Services / Values	Total 12/31/2014	Total 12/31/2013
a) guarantees received	-	-
b) credit derivatives	-	-
c) management and brokerage services:	330	391
1. trading in financial instruments	-	-
2. currency trading	-	-
3. portfolio management:	330	391
3.1 own	97	140
3.2 third-party	233	251
4. custody and administration of securities	-	-
5. placement of financial instruments	-	-
6. external marketing of financial instruments, products and services	-	-
d) collection and payment	11	17
e) other services	3	3
Total	**344**	**411**

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income

Items / Income	Total 12/31/2014		Total 12/31/2013	
	Dividends	Income from mutual funds	Dividends	Income from mutual funds
A. Financial assets held for trading	176	5	251	2
B. Financial assets available for sale	1,587	211	957	-
C. Financial assets at fair value	-	-	-	-
D. Investments	-	x	-	x
Total	**1,763**	**216**	**1,208**	**2**

Pertaining to the banking group

Items / Income	Total 12/31/2014		Total 12/31/2013	
	Dividends	Income from mutual funds	Dividends	Income from mutual funds
A. Financial assets held for trading	171	5	248	2
B. Financial assets available for sale	1,587	211	957	-
C. Financial assets at fair value	-	-	-	-
D. Investments	-	x	-	x
Total	**1,758**	**216**	**1,205**	**2**

Pertaining to insurance companies

Items / Income	Total 12/31/2014		Total 12/31/2013	
	Dividends	Income from mutual funds	Dividends	Income from mutual funds
A. Financial assets held for trading	5	-	3	-
B. Financial assets available for sale	-	-	-	-
C. Financial assets at fair value	-	-	-	-
D. Investments	-	x	-	x
Total	**5**	**-**	**3**	**-**

Section 4 - Net result from trading - Item 80

4.1 Net result from trading:

Transactions / Income	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net result [(A + B) - (C + D)]
1. Financial assets held for trading	**3,540**	**37,535**	**(2,255)**	**(14,424)**	**24,396**
1.1 Debt	2,880	36,155	(1,519)	(14,180)	23,336
1.2 Equities	34	845	(21)	(135)	723
1.3 UCITS units	626	513	(715)	(109)	315
1.4 Loans	-	-	-	-	-
1.5 Other	-	22	-	-	22
2. Trading liabilities	**261**	**-**	**(1,330)**	**(51)**	**(1,120)**
2.1 Debt titles	-	-	-	-	-
2.2 Due	261	-	(1,330)	(51)	(1,120)
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**x**	**x**	**x**	**x**	**(4,016)**
4. Derivatives	**77,205**	**66,378**	**(77,949)**	**(69,931)**	**7,948**
4.1 Financial derivatives:	77,205	66,378	(77,949)	(69,931)	7,948
- On debt securities and interest rates	77,205	61,148	(77,937)	(62,802)	(2,386)
- On equities and equity indices	-	5,230	(12)	(7,117)	(1,899)
- On currencies and gold	x	x	x	x	12,245
- Other	-	-	-	(12)	(12)
4.2 Credit derivatives	-	-	-	-	-
Total	**81,006**	**103,913**	**(81,534)**	**(84,406)**	**27,208**

The increase is mainly due to the sale of a significant portion of the portfolio of financial assets held to maturity, as explained in the Management Report and the specific balance sheet item.

Pertaining to the banking group

Transactions / Income	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net result [(A + B) - (C + D)]
1. Financial assets held for trading	**3,503**	**37,073**	**(2,179)**	**(14,315)**	**24,082**
1.1 Debt	2,880	36,155	(1,519)	(14,180)	23,336
1.2 Equities	24	845	(15)	(135)	719
1.3 UCITS units	599	51	(645)	-	5
1.4 Loans	-	-	-	-	-
1.5 Other	-	22	-	-	22
2. Trading liabilities	**261**	**-**	**(1,330)**	**(51)**	**(1,120)**
2.1 Debt titles	-	-	-	-	-
2.2 Due	261	-	(1,330)	(51)	(1,120)
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences		**x**	**x**	**x**	**(4,016)**
4. Derivatives	**77,203**	**66,372**	**(77,949)**	**(69,916)**	**7,955**
4.1 Financial derivatives:	77,203	66,372	(77,949)	(69,916)	7,955
- On debt securities and interest rates	77,203	61,142	(77,937)	(62,787)	(2,379)
- On equities and equity indices	-	5,230	(12)	(7,117)	(1,899)
- On currencies and gold	-	-	-	x	12,245
- Other	-	-	-	(12)	(12)
4.2 Credit derivatives	-	-	-	-	-
Total	**80,967**	**103,445**	**(81,458)**	**(84,282)**	**26,901**

Pertaining to insurance companies

Transactions / Income	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net result [(A + B) - (C + D)]
1. Financial assets held for trading	**37**	**462**	**(76)**	**(109)**	**314**
1.1 Debt	-	-	-	-	-
1.2 Equities	10	-	(6)	-	4
1.3 UCITS units	27	462	(70)	(109)	310
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Trading liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt	-	-	-	-	-
2.2 Due	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences		**x**	**x**	**x**	**-**
4. Derivatives	**2**	**6**	**-**	**(15)**	**(7)**
4.1 Financial derivatives:	2	6	-	(15)	(7)
- On debt securities and interest rates	2	6	-	(15)	(7)
- On equities and equity indices	-	-	-	-	-
- On currencies and gold	x	x	x	x	-
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total	**39**	**468**	**(76)**	**(124)**	**307**

Section 5 - Fair value adjustments in hedge accounting - Item 90

5.1 Net result from hedging: breakdown

Income components / Values	Total 12/31/2014	Total 12/31/2013
A. Income from:		
A.1 hedging derivatives fair value	3,468	56,625
A.2 Hedged financial assets (fair value)	40,422	-
A.3 Hedged financial liabilities (fair value)	1,597	9,731
A.4 Financial derivatives hedging cash flows	-	-
A.5 Assets and liabilities in foreign currency	-	-
Total income from hedging activities (A)	**45,487**	**66,356**
B. Charges relating to:		
B.1 hedging derivatives fair value	44,073	16,857
B.2 Hedged financial assets (fair value)	708	48,897
B.3 Hedged financial liabilities (fair value)	-	47
B.4 Financial derivatives hedging cash flows	-	-
B.5 Assets and liabilities in foreign currency	-	-
Total losses on hedging activities (B)	**44,781**	**65,801**
C. Net result of hedging activities (AB)	**706**	**555**

The voice is in the totality of the banking group.

Section 6 - Gains (losses) from sale / repurchase - Item 100

6.1 Profit (loss) from sale / repurchase: breakdown

Items / Income	Total 12/31/2014			Total 12/31/2013		
	Useful	Losses	Net income	Useful	Losses	Net income
Financial assets						
1. Due from banks	-	-	-	18	1	17
2. Loans to customers	-	2,049	(2,049)	359	3,052	(2,693)
3. Financial assets available for sale	25,741	1,483	24,258	12,430	2,861	9,569
3.1 Debt	22,193	1,451	20,742	11,616	2,861	8,755
3.2 Equity securities	3,548	32	3,516	679	-	679
3.3 UCITS units	-	-	-	135	-	135
3.4 Financing	-	-	-	-	-	-
4. Financial assets held to maturity	100,602	2,205	98,397	-	-	-
Total assets	**126,343**	**5,737**	**120,606**	**12,807**	**5,914**	**6,893**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	80	-	80	948	-	948
3. Outstanding securities	4,830	6,861	(2,031)	921	3,384	(2,463)
Total liabilities	**4,910**	**6,861**	**(1,951)**	**1,869**	**3,384**	**(1,515)**

The increase is mainly due to the sale of a significant portion of the portfolio of financial assets held to maturity, as explained in the Management Report and the specific balance sheet item.

Pertaining to the banking group

Items / Income	Total 12/31/2014			Total 12/31/2013		
	Profits	Losses	Net income	Profits	Losses	Net income
Financial assets						
1. Due from banks	-	-	-	-	1	(1)
2. Loans to customers	-	2,049	(2,049)	359	3,052	(2,693)
3. Financial assets available for sale	24,253	1,477	22,776	10,418	2,770	7,648
3.1 Debt	20,705	1,445	19,260	9,604	2,770	6,834
3.2 Equity securities	3,548	32	3,516	679	-	679
3.3 UCITS units	-	-	-	135	-	135
3.4 Financing	-	-	-	-	-	-
4. Financial assets held to maturity	100,298	2,205	98,093	-	-	-
Total assets	**124,551**	**5,731**	**118,820**	**10,777**	**5,823**	**4,954**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	80	-	80	948	-	948
3. Outstanding securities	4,833	6,824	(1,991)	749	3,306	(2,557)
Total liabilities	**4,913**	**6,824**	**(1,911)**	**1,697**	**3,306**	**(1,609)**

Pertaining to insurance companies

Items / Income	Total 12/31/2014			Total 12/31/2013		
	Profits	Losses	Net income	Profits	Losses	Net income
Financial assets						
1. Due from banks	-	-	-	18	-	18
2. Loans to customers	-	-	-	-	-	-
3. Financial assets available for sale	1,488	6	1,482	2,012	91	1,921
3.1 Debt	1,488	6	1,482	2,012	91	1,921
3.2 Equity securities	-	-	-	-	-	-
3.3 UCITS units	-	-	-	-	-	-
3.4 Financing	-	-	-	-	-	-
4. Financial assets held to maturity	304	-	304	-	-	-
Total assets	**1,792**	**6**	**1,786**	**2,030**	**91**	**1,939**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Outstanding securities	(3)	37	(40)	172	78	94
Total liabilities	**(3)**	**37**	**(40)**	**172**	**78**	**94**

Section 7 - Fair value of financial assets and liabilities measured at fair value Item 110

7.1 Net change in value of financial assets / liabilities measured at fair value:

Transactions / Income	Gains (A)	Gains on sale (B)	Losses (C)	Losses on sale (D)	Net income
1. Financial assets	**31,746**	**11,245**	**(4,392)**	**(2,764)**	**35835**
1.1 Debt	6,871	1,960	(1,016)	(1,688)	6,127
1.2 Equities	1,136	410	(1,435)	(385)	(274)
1.3 UCITS units	23,571	8,814	(1,940)	(691)	29,754
1.4 Loans	168	61	(1)	-	228
2. Financial liabilities	**4,353**	**1,168**	**(29,367)**	**(10,562)**	**(34,408)**
2.1 Debt	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	4,353	1,168	(29,367)	(10,562)	(34,408)
3. Financial assets and liabilities: exchange differences	**X**	**x**	**x**	**x**	**17**
4.Credit and financial derivatives	**-**	**-**	**-**	**-**	**-**
Total	**36,099**	**12,413**	**(33,759)**	**(13,326)**	**1,444**

Section 8 - Net losses / recoveries on impairment - Item 130

8.1 Net value adjustments for impairment of loans: composition

Transactions / Income components	Value adjustments (1)			Writebacks (2)				Total	
	Specifications		from portfolio	Specifications		from portfolio		12/31/2014	12/31/2013
	Cancellations	Other		A	B	A	B		
A. Due from banks									
- Financing	-	-	(400)	-	-	-	-	(400)	35
- Debt	-	-	-	-	-	-	-	-	-
B. Loans to customers									
Impaired loans purchased									
- Financing	-	-	x	-	-	x	x	-	-
- Debt	-	-	x	-	-	x	x	-	-
Other receivables									
- Financing	(9,907)	(199,665)	(11,341)	14,799	25,838	-	-	(180,276)	(138,225)
- Debt	-	-	-	-	-	-	-	-	-
C. Total	**(9,907)**	**(199,665)**	**(11,741)**	**14,799**	**25,838**	**-**	**-**	**(180,676)**	**(138,190)**

Simultaneously with an economic scenario that is still negative, and which shows a structural crisis and that has produced its effects on the quality of the loan portfolio, it was necessary to adjust the parameters of measurement of loans even after the application of the new Implementing Technical Standards, from the EU regulation number 575/2013 (CRR), which had an impact both on the analytical writedowns, and on the collective write-downs.

These adjustments were particularly relevant in the Consel company, which has had particular weight in the review of the parameters of the LGD (Loss Given Default parameter).

8.2 Impairment losses on financial assets available for sale:

Transactions / Income components	Value adjustments (1)		Writebacks (2)		Total 12/31/2014	Total 12/31/2013
	Specifications		Specifications			
	Cancellations	Altre	A	B		
A. Titoli di debito	-	-	-	-	-	-
B. Titoli di capitale	-	(3,659)	-	-	(3,659)	(262)
C. Quote OICR	-	-	x	x	-	-
D. Finanziamenti a banche	-	-	x	-	-	-
E. Finanziamenti a clientela	-	(600)	-	-	(600)	-
F. Totale	**-**	**(4,259)**	**-**	**-**	**(4,259)**	**(262)**

Key: A = interest B = other

The increase in value adjustments on financial assets available for sale is due mainly to write-downs of non-controlling interests held by Banca Sella Holding and Veneto Banca Cassa di Risparmio di Bolzano in relation to equity securities; while 600 thousand euro refer to Comital Saiag, equity instrument capital of Banca Sella.

8.4 Net value adjustments for impairment of other financial transactions: analysis

Transactions / Income components	Value adjustments (1)			Writebacks (2)				Total	
	Specifications		of portfolio	Specifications		of portfolio		12/31/2014	12/31/2013
	Cancellations	Other		A	B	A	B		
A. Garanzie rilasciate	(375)	-	(51)	-	-	-	-	(426)	(1,942)
B. Derivati su crediti	-	-	-	-	-	-	-	-	-
C. Impegni ad erogare fondi	-	-	-	-	-	-	-	-	-
D. Altre operazioni	(48)	(638)	-	-	56	-	-	(630)	(418)
E. Totale	**(423)**	**(638)**	**(51)**	**-**	**56**	**-**	**-**	**(1,056)**	**(2,360)**

Key: A = interest B = other

“Other operations” includes operations of discounting adjustments and provisions for credit devaluing for lawsuits awaiting judgment.

Section 9 - Net premiums - Item 150

9.1 Net premiums: composition

Premiums from insurance	Direct business	Indirect business	Total 12/31/2014	Total 12/31/2013
A. Life				
A.1 Gross premiums written (+)	326,902	-	326,902	183,955
A.2 Outward reinsurance premiums (-)	(933)	x	(933)	(974)
A.3 Total	325,969	-	325,969	182,981
B. Non-life insurance				
B.1 Gross premiums written (+)	1,663	-	1,663	1,829
B.2 Outward reinsurance premiums (-)	(682)	x	(682)	(751)
B.3 Change in the gross provision for unearned premiums (+/-)	62	-	62	5
B.4 Change in unearned premiums to reinsurers (+/-)	(46)	-	(46)	(4)
B.5 Total	997	-	997	1,079
C. Total net premiums	326,966	-	326,966	184,060

The increase is due to a strong performance in the volume of collection, the good performance of net investment income and a very positive contribution made by the subsidiary in CBA Vita InChiaro.

Section 10 - Other income and expenses from insurance activities - Item 160

10.1 Other income and expenses from insurance operations: composition

	Total 12/31/2014	Total 12/31/2013
1. Net change in technical provisions	(54,089)	68,978
2. Claims paid pertaining to the year	(282,980)	(270,721)
3. Other income and expenses (net) from insurance activities	503	829
Total	(336,566)	(200,914)

10.2 Analysis of "Net change in technical reserves"

Net change in technical provisions	Total 12/31/2014	Total 12/31/2013
1. Life insurance		
A. Mathematical reserves	(77,033)	14,226
A.1 Gross annual amount	(76,852)	14,336
A.2 Amount attributable to reinsurers (-)	(181)	(110)
B. Other technical reserves	395	(96)
B.1 Gross annual amount	411	130
B.2 Amount attributable to reinsurers (-)	(16)	(226)
C. Technical reserves where the investment risk is borne by insurers	22,685	54,826
C.1 Gross annual amount	22,685	54,826
C.2 Amount attributable to reinsurers (-)	-	-
Total "life insurance reserves"	**(53,953)**	**68,956**
2. Non-life		
Changes in other technical reserves for non-life other than the provision for claims, net of reinsurance	(136)	22

10.3 Analysis of "Claims of the year"

Charges for claims	Total	Total

	12/31/2014	12/31/2013
Life business: expense relating to claims, net of reinsurance		
A. Amounts paid	(281,364)	(275,245)
A.1 Gross annual amount	(282,054)	(275,507)
A.2 Amount attributable to reinsurers (-)	690	262
B. Change in the provision for outstanding claims	(1,176)	4,949
B.1 Gross annual amount	(1,375)	4,654
B.2 Amount attributable to reinsurers (-)	199	295
Total claims lives	**(282,540)**	**(270,296)**
Non-life business: expense relating to claims, net of recoveries and reinsurance		
C. Amounts paid	(450)	(401)
C.1 Gross annual amount	(613)	(533)
C.2 Amount attributable to reinsurers (-)	163	132
D. Change in recoveries net of the portion attributable to reinsurers	-	-
E. Change in claims reserve	10	(24)
E.1 Gross annual amount	12	(40)
E.2 Share payable by reinsurers (-)	(2)	16
Total claims damages	**(440)**	**(425)**

10.4 Breakdown of sub " Other income and charges from insurance " - life insurance

	Total 12/31/2014	Total 12/31/2013
Life insurance		
A. Income	428	837
- Other technical income net of reinsurance	269	263
- Income and unrealized gains on investments for the benefit of policyholders who bear the investment risk	-	-
- Change in commissions and other acquisition costs to be amortized	-	-
- Commissions and profit sharing received from reinsurers	159	574
- Other income	-	-
B. Charges	(235)	(206)
- Other technical charges, net of reinsurance	(98)	(54)
- Charges and unrealized losses on investments for the benefit of policyholders who bear the investment risk	-	-
- Acquisition commissions	(11)	(23)
- Other acquisition costs	(4)	(3)
- Collection commission	(122)	(126)
- Other expenses	-	-
Total Life insurance (AB)	**193**	**631**

10.4 Breakdown of sub " Other income and charges from insurance " - non-life

	Total 12/31/2014	Total 12/31/2013
Non-life business		
A. Income	363	241
- Other technical income net of reinsurance	21	4
- Change in commissions and other acquisition costs to be amortized	-	-
- Commissions and profit sharing received from reinsurers	342	237
- Other income	-	-
B. Charges	(53)	(43)
- Other technical charges, net of reinsurance	(50)	(38)
- Acquisition commissions	-	(39)
- Other acquisition costs	-	-
- Collection commission	(3)	34
- Other expenses	-	-
Total Non-life (A - B)	**310**	**198**

Section 11 - Administrative expenses - Item 180

11.1 Personnel expenses: breakdown

Type of expense / Amount	Total 12/31/2014	Total 12/31/2013
1) Employees	219,157	212,512
a) Wages and Salaries	159,507	155,843
b) Social security	38,254	39,373
c) Severance pay	4,821	4,022
d) Pension expense	2,806	566
e) Provision for severance indemnities	971	334
f) Provision of pension and similar obligations:	-	-
- Defined contribution	-	-
- Defined benefit	-	-
g) Payments to external pension:	6,076	6,611
- Defined contribution	6,076	6,611
- Defined benefit	-	-
h) costs deriving from payment agreements based on own equity instruments	-	-
i) Other benefits for employees	6,722	5,763
2) Other personnel	1,164	1,580
3) Directors and auditors	5,004	5,738
4) Retired personnel	-	-
Total	**225,325**	**219,830**

Pertaining to the banking group

Type of expense / Amount	Total 12/31/2014	Total 12/31/2013
1) Employees	215,343	208,872
a) Wages and Salaries	156,838	153,295
b) Social security	37,605	38,736
c) Severance pay	4,818	4,019
d) Pension expense	2,806	566
e) Provision for severance indemnities	926	282
f) Provision of pension and similar obligations:	-	-
- Defined contribution	-	-
- Defined benefit	-	-
g) Payments to external pension:	5,853	6,413
- Defined contribution	5,853	6,413
- Defined benefit	-	-
h) costs deriving from payment agreements based on own equity instruments	-	-
i) Other benefits for employees	6,497	5,561
2) Other personnel	1,057	1,490
3) Directors and auditors	4,167	5,018
4) Retired personnel	-	-
Total	**220,567**	**215,380**

Pertaining to insurance companies

Type of expense / Amount	Total 12/31/2014	Total 12/31/2013
1) Employees	3,814	3,640
a) Wages and Salaries	2,669	2,548
b) Social security	649	637
c) Severance pay	3	3
d) Pension expense	-	-
e) Provision for severance indemnities	45	52
f) Provision of pension and similar obligations:	-	-
- Defined contribution	-	-
- Defined benefit	-	-
g) Payments to external pension:	223	198
- Defined contribution	223	198
- Defined benefit	-	-
h) costs deriving from payment agreements based on own equity instruments	-	-
i) Other benefits for employees	225	202
2) Other personnel	107	90
3) Directors and auditors	837	720
4) Retired personnel	-	-
Total	**4,758**	**4,450**

11.2 Average number of employees by category

	Total 12/31/2014	Total 12/31/2013
1) Employees	**3,925**	**3,811**
a) managers	86	82
b) middle managers	971	945
c) other employees	2,868	2,783
2) Other personnel	**41**	**45**
Total	**3,966**	**3,856**

Pertaining to the banking group

	Total 12/31/2014	Total 12/31/2013
1) Employees	**3,881**	**3,769**
a) managers	79	75
b) middle managers	960	934
c) other employees	2,842	2,759
2) Other personnel	**33**	**44**
Total	**3,914**	**3,813**

Pertaining to insurance companies

	Total 12/31/2014	Total 12/31/2013
1) Employees	**44**	**42**
a) managers	7	7
b) middle managers	11	11
c) other employees	26	24
2) Other personnel	**8**	**1**
Total	**52**	**43**

11.4 Other benefits in favor of employees

Type of expense / Amount	Total 12/31/2014	Total 12/31/2013
- Incentives and fund income support	474	(7)
- Benefits for dependent children	96	92
- Payments in kind	2,028	1,879
- Insurance costs	1,974	2,237
- Professional training courses	1,051	480
- Travel expenses	41	51
Other	1,058	1,031
Total	**6,722**	**5,763**

Pertaining to the banking group

Type of expense / Amount	Total 12/31/2014	Total 12/31/2013
- Incentives and fund income support	474	(7)
- Benefits for dependent children	96	92
- Payments in kind	2,028	1,878
- Insurance costs	1,848	2,117
- Professional training courses	1,035	465
- Travel expenses	41	51
Other	975	965
Total	**6,497**	**5,561**

Pertaining to insurance companies

Type of expense / Amount	Total 12/31/2014	Total 12/31/2013
- Incentives and fund income support	-	-
- Benefits for dependent children	-	-
- Payments in kind	-	1
- Insurance costs	126	120
- Professional training courses	16	15
- Travel expenses	-	-
Other	83	66
Total	**225**	**202**

11.5 Other administrative expenses: breakdown

Type of service / Amount	Total 12/31/2014	Total 12/31/2013
Legal and notary fees	8,097	8,156
IT assistance and various consultancy	7,153	3,443
Rental of electronic machines and softwares	1,254	1,300
Various fees and expenses for services provided by third parties	30,832	29,821
Computer networks and telephone	4,627	5,072
Postal	4,778	5,281
Expenditure on transport	4,016	3,870
Room cleaning	1,238	1,305
Security and guarding of assets	2,850	2,879
Electricity and heating	4,669	5,212
Room rental	16,050	17,247
Several insurance	1,916	1,866
Advertisements, advertising and entertainment expenses	3,375	3,019
Membership fees	1,759	1,685
Information and searches	2,256	2,451
Other fees paid	1,669	1,645
Other	8,251	7,413
Expenses for maintenance and repair	**9,984**	**10,252**
- Real estate	647	805
- Movable	2,721	3,145
- Hardware and software	6,616	6,302
Indirect taxes and duties	**59,891**	**51,891**
- Stamp duty	50,536	42,077
- Substitute tax DPR 601/73	1,308	1,553
- Municipal taxes only	1,390	1,647
- Other indirect taxes	6,657	6,614
Total	**174,665**	**163,809**

The continuation of the policy of cost containment has allowed a limited increase in administrative expenses excluding the increase in stamp duty, within indirect taxes, but that is entirely offset by tax recoveries on customers recognized in the income management item 190.
Increased costs related to fees for advice, training and parcels are connected to the still high impact from credit risk.

Pertaining to the banking group

Type of service / Amount	Total 12/31/2014	Total 12/31/2013
Legal and notary fees	7,765	8,037
IT assistance and various consultancy	7,055	3,316
Rental of electronic machines and softwares	1,254	1,300
Various fees and expenses for services provided by third parties	30,814	29,513
Computer networks and telephone	4,567	5,006
Postal	4,677	5,196
Expenditure on transport	3,967	3,811
Room clean	1,228	1,292
Security and guarding of assets	2,850	2,879
Electricity and heating	4,662	5,203
Room rental	15,731	16,948
Several insurance	1,885	1,839
Advertisements, advertising and entertainment expenses	3,317	2,950
Membership fees	1,587	1,500
Information and searches	2,256	2,451
Other fees paid	1,639	1,615
Other	7,547	6,970
Expenses for maintenance and repair	**9,727**	**9,977**
- Real estate	643	803
- Movable	2,703	3,125
- Hardware and software	6,381	6,049
Indirect taxes and duties	**59,827**	**51,864**
- Stamp duty	50,531	42,072
- Substitute tax DPR 601/73	1,308	1,553
- Municipal taxes only	1,390	1,647
- Other indirect taxes	6,598	6,592
Total	**172,355**	**161,668**

Pertaining to insurance companies

Type of service / Amount	Total 12/31/2014	Total 12/31/2013
Legal and notary fees	332	119
IT assistance and various consultancy	98	127
Rental of electronic machines and softwares	-	-
Various fees and expenses for services provided by third parties	18	308
Computer networks and telephone	60	66
Postal	101	85
Expenditure on transport	49	59
Room cleaning	10	13
Security and guarding of assets	-	-
Electricity and heating	7	9
Room rental	319	299
Several insurance	31	27
Advertisements, advertising and entertainment expenses	58	69
Membership fees	172	185
Information and searches	-	-
Other fees paid	30	30
Other	704	443
Expenses for maintenance and repair	**257**	**275**
- Real estate	4	2
- Movable	18	20
- Hardware and software	235	253
Indirect taxes and duties	**64**	**27**
- Stamp duty	5	5
- Substitute tax DPR 601/73	-	-
- Municipal taxes only	-	-
- Other indirect taxes	59	22
Total	**2,310**	**2,141**

Below is the breakdown required by art. 2427 cc, paragraph 16 bis, relating to fees paid to the accounting firm:

Details of remuneration paid to the independent audit

	12/31/2014
Consideration due to:	
- Statutory audit	499
- Further assurance services	72
- Tax advice	9
- Non-audit services	195
Total	**775**

Section 12 - Net provisions for risks and charges - Item 190

12.1 Net provisions for risks and charges:

	Balance at 12/31/2014	Balance at 12/31/2013
In view of the risks of litigation and complaints from customers	2,341	3,293
In view of operational risks	810	951
In view of staff costs	3,392	244
In view of charges of different nature	4,241	2,350
Reallocation to income statement related to risks for legal disputes and customer complaints	(756)	(1,763)
Reallocation to income statement relating to operating risks	(540)	(339)
Reallocation to income statement relating to staff costs	-	-
Reallocation to income statement relating to charges of a different nature	(113)	(561)
Total	**9,375**	**4,175**

At year end, a fund has been set aside, appropriately discounted, to address the use of economic resources in the future since on 27 November 2014 there was signed with the trade unions, at Group level, an agreement for access to extraordinary benefits of the "solidarity fund for income support, employment and professional retraining of employees of companies in the credit"
In light of the above agreement, the employees in the Group have been given the opportunity to apply for access to voluntary by 12.31.2014.

Pertaining to the banking group

	Balance at 12/31/2014	Balance at 12/31/2013
In view of the risks of litigation and complaints from customers	2,341	3,293
In view of operational risks	810	950
In view of staff costs	3,392	244
In view of charges of different nature	4,240	2,349
Reallocation to income statement related to risks for legal disputes and customer complaints	(756)	(1,763)
Reallocation to income statement relating to operating risks	(540)	(339)
Reallocation to income statement relating to staff costs	-	-
Reallocation to income statement relating to charges of a different nature	(113)	(561)
Total	**9,374**	**4,173**

Pertaining to insurance companies

	Balance at 12/31/2014	Balance at 12/31/2013
In view of the risks of litigation and complaints from customers	-	-
In view of operational risks	-	1
In view of staff costs	-	-
In view of charges of different nature	1	1
Reallocation to income statement related to risks for legal disputes and customer complaints	-	-
Reallocation to income statement relating to operating risks	-	-
Reallocation to income statement relating to staff costs	-	-
Reallocation to income statement relating to charges of a different nature	-	-
Total	**1**	**2**

Section 13 - Impairments / write backs on property, plant and equipment - Item 200

13.1 Net impairment losses on property, plant and equipment:

Assets / Income	Amortization (a)	Adjustments for impairment (b)	Writebacks (c)	Net income (a + b + c) 12/31/2014
A. Property and equipment				
A.1 Owned	14,984	-	-	14,984
- Operations	14,082	-	-	14,082
- For investment	902	-	-	902
A.2 Acquired under finance leases	736	-	-	736
- Operations	736	-	-	736
- For investment	-	-	-	-
Total	**15,720**	**-**	**-**	**15,720**

Pertaining to the banking group

Assets / Income	Amortization (a)	Adjustments for impairment (b)	Writebacks (c)	Net income (a + b + c) 12/31/2014
A. Property and equipment				
A.1 Owned	14,960	-	-	14,960
- Operations	14,058	-	-	14,058
- For investment	902	-	-	902
A.2 Acquired under finance leases	736	-	-	736
- Operations	736	-	-	736
- For investment	-	-	-	-
Total	**15,696**	**-**	**-**	**15,696**

Pertaining to insurance companies

Assets / Income	Amortization (a)	Adjustments for impairment (b)	Writebacks (c)	Net income (a + b + c) 12/31/2014
A. Property and equipment				
A.1 Owned	24	-	-	24
- Operations	24	-	-	24
- For investment	-	-	-	-
A.2 Acquired under finance leases	-	-	-	-
- Operations	-	-	-	-
- For investment	-	-	-	-
Total	**24**	**-**	**-**	**24**

Section 14 - Impairment / write-backs on intangible assets - Item 210

14.1 Net impairment losses on intangible assets: breakdown

Assets / Income	Amortization (a)	Adjustments for impairment (b)	Writebacks (c)	Net income (a + b + c) 12/31/2014
A. Intangible assets				
A.1 Owned	13,443	-	-	13,443
- Internally generated	2,244	-	-	2,244
- Other	11,199	-	-	11,199
A.2 Acquired under finance leases	-	-	-	-
Total	**13,443**	**-**	**-**	**13,443**

Pertaining to the banking group

Assets / Income	Amortization (a)	Adjustments for impairment (b)	Writebacks (c)	Net income (a + b + c) 12/31/2014
A. Intangible assets				
A.1 Owned	13,002	-	-	13,002
- Internally generated	2,244	-	-	2,244
- Other	10,758	-	-	10,758
A.2 Acquired under finance leases	-	-	-	-
Total	**13,002**	**-**	**-**	**13,002**

Pertaining to insurance companies

Assets / Income	Amortization (a)	Adjustments for impairment (b)	Writebacks (c)	Net income (a + b + c) 12/31/2014
A. Intangible assets				
A.1 Owned	441	-	-	441
- Internally generated	-	-	-	-
- Other	441	-	-	441
A.2 Acquired under finance leases	-	-	-	-
Total	**441**	**-**	**-**	**441**

Section 15 - Other net operating income - Item

Other expenses / income

	12/31/2014	12/31/2013
Total other operating expenses	11,065	12,210
Total other operating income	86,086	94,845
Other expenses / income	**75,021**	**82,635**

15.1 Other operating expense: composition

	Total 12/31/2014	Total 12/31/2013
Amortization of expenses for improvements to third party assets	937	1,631
Losses related to operational risk	3,800	3,328
Advances for account customers	72	2,147
Services related to debt collection	502	737
Returning customer incentive funds-Fund (Mifid)	1,122	1,202
Other charges	4,632	3,165
Total	**11,065**	**12,210**

Pertaining to the banking group

	Total 12/31/2014	Total 12/31/2013
Amortization of expenses for improvements to third party assets	937	1,631
Losses related to operational risk	3,800	3,328
Operating expenses for financial leases	-	-
Advances for account customers	72	2,147
Services related to debt collection	502	737
Returning customer incentive funds-Fund (Mifid)	1,122	1,202
Other charges	4,631	3,165
Total	**11,064**	**12,206**

Pertaining to insurance companies

	Total 12/31/2014	Total 12/31/2013
Other charges	1	4
Total	**1**	**4**

15.2 Other operating income: breakdown

	Total 12/31/2014	Total 12/31/2013
Rental and rental income	1,416	1,420
Charges to third parties and reimbursements received:	48,978	43,136
- Recovery of taxes	46,586	41,818
- Insurance premiums and reimbursements	2,392	1,318
Recovery of expenses and other income on deposits and current accounts	10,047	8,507
Income from software services	1,571	4,034
Income from insurance broker	1,952	2,025
Rental income pos	5,397	5,038
Expenses and provision of services for prepaid customers account	1,106	999
Recovery of expenses for services related to debt collection	4,001	3,704
Proceeds from sale of business	-	19,026
Other income	11,618	6,956
Total	**86,086**	**94,845**

The year 2013 was characterized by extraordinary income of EUR 19 million following the sale of part of the branches of Banca Sella of Veneto and Trentino Alto Adige in Cassa di Risparmio di Bolzano. Excluding this item, the income relating to 2014 would have an increase of about 7.5 million euro.

Pertaining to the banking group

	Total 12/31/2014	Total 12/31/2013
Rental and rental income	1,416	1,420
Charges to third parties and reimbursements received:	48,978	43,136
- Recovery of taxes	46,586	41,818
- Insurance premiums and reimbursements	2,392	1,318
Recovery of expenses and other income on deposits and current accounts	10,047	8,507
Income from software services	1,571	4,034
Rental income pos	5,397	5,038
Expenses and provision of services for prepaid customers account	1,106	999
Recovery of expenses for services related to debt collection	4,001	3,704
Proceeds from sale of business	-	19,026
Other income	11,552	6,893
Total	**84,068**	**92,757**

Pertaining to insurance companies

	Total 12/31/2014	Total 12/31/2013
Income from insurance broker	1,952	2,025
Other income	66	63
Total	**2,018**	**2,088**

Section 16 - Gains (losses) on equity investments - Item 240

16.1 Gains (losses) on equity investments:

Income components / Sectors	12/31/2014	12/31/2013
1) Joint ventures		
A. Income	-	-
1. Revaluations	-	-
2. Profits from sale	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Adjustments for impairment	-	-
3. Losses on sale	-	-
4. Other charges	-	-
Net income	-	-
2) Companies subject to significant influence		
A. Income	1,288	354
1. Revaluations	1,288	354
2. Profits from sale	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	(140)	-
1. Write-downs	(140)	-
2. Adjustments for impairment	-	-
3. Losses on sale	-	-
4. Other charges	-	-
Net income	1,148	354
Total	1,148	354

Revaluations relate to companies consolidated at equity. For the banking group Martin Maurel Sella, SCP VDP1, HI-MTF and Enersel; for insurance companies INCHIARO.
The write-down is instead referred to the banking group, namely the participation in dPixel.

Pertaining to the banking group

Income components / Sectors	12/31/2014	12/31/2013
1) Joint ventures		
A. Income	-	-
1. Revaluations	-	-
2. Profits from sale	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Adjustments for impairment	-	-
3. Losses on sale	-	-
4. Other charges	-	-
Net income	-	-
2) Companies subject to significant influence		
A. Income	433	230
1. Revaluations	433	230
2. Profits from sale	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	(140)	-
1. Write-downs	(140)	-
2. Adjustments for impairment	-	-
3. Losses on sale	-	-
4. Other charges	-	-
Net income	293	230
Total	293	230

Pertaining to insurance companies

Income components / Sectors	12/31/2014	12/31/2013
1) Joint ventures		
A. Income	-	-
1. Revaluations	-	-
2. Profits from sale	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Adjustments for impairment	-	-
3. Losses on sale	-	-
4. Other charges	-	-
Net income	-	-
2) Companies subject to significant influence		
A. Income	855	124
1. Revaluations	855	124
2. Profits from sale	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Adjustments for impairment	-	-
3. Losses on sale	-	-
4. Other charges	-	-
Net income	855	124
Total	855	124

Section 18 - Impairment of goodwill - Item 260

18.1 Impairment of goodwill

	12/31/2014	12/31/2013
Goodwill impairment branches	1,048	-
Total	**1,048**	**-**

The item was increased by the effects of the depreciation of the goodwill of the branches of Bovolone and San Martino Buon Albergo, remaining after the transfer operation branches to Cassa di Risparmio di Bolzano, which originally were part of the group of branches acquired from Unicredit Group in 2000.

Section 19 - Gains (losses) on disposal of investments - Item 270

19.1 Profit (loss) on disposal of investments: breakdown

Income components / Values	Total 12/31/2014	Total 12/31/2013
A. Property	-	-
- Gains on sale	-	-
- Losses on sale	-	-
B. Other activities	(11)	(53)
- Gains on sale	9	15
- Losses on sale	(20)	(68)
Net income	**(11)**	**(53)**

The item pertains in its totality to the banking group.

Section 20 - Income taxes from continuing operations Item 290

20.1 Taxes on income from continuing operations: breakdown

Income components / Sectors	Total 12/31/2014	Total 12/31/2013
1. Current taxes (-)	(81,396)	(65,095)
2. Change in current taxes from previous periods (+/-)	4,324	804
3. Reduction of current taxes for the year (+)	122	133
3. a reduction in current taxes for tax credits of Law n. 214/2011 (+)	64	292
4. Change in prepaid taxes (+/-)	31,940	33,754
5. Change in deferred taxes (+/-)	1,971	(3,666)
6. Taxes for the period (-) (-1 +/- 2 + 3 + 3a +/- 4 +/- 5)	(42,975)	(33,778)

Pertaining to the banking group

Income components / Sectors	Total 12/31/2014	Total 12/31/2013
1. Current taxes (-)	(79,668)	(62,852)
2. Change in current taxes from previous periods (+/-)	4,322	208
3. Reduction of current taxes for the year (+)	122	133
3. a reduction in current taxes for tax credits of Law n. 214/2011 (+)	64	292
4. Change in prepaid taxes (+/-)	31,885	33801
5. Change in deferred taxes (+/-)	1,547	(4,459)
6. Taxes for the period (-) (-1 +/- 2 + 3 + 3a +/- 4 +/- 5)	(41,728)	(32,877)

Pertaining to insurance companies

Income components / Sectors	Total 12/31/2014	Total 12/31/2013
1. Current taxes (-)	(1,728)	(2,243)
2. Change in current taxes from previous periods (+/-)	2	596
3. Reduction of current taxes for the year (+)	-	-
3. a reduction in current taxes for tax credits of Law n. 214/2011 (+)	-	-
4. Change in prepaid taxes (+/-)	55	(47)
5. Change in deferred taxes (+/-)	424	793
6. Taxes for the period (-) (-1 +/- 2 + 3 + 3a +/- 4 +/- 5)	(1,247)	(901)

20.2 Reconciliation between theoretical tax burden and effective tax

Description	taxable	rate	Income tax
Profit from continuing operations before tax	112843		
Nominal rate (*)		33.07%	37,317
Adjustments IRES			
Net effects of the participation exemption and tax dividends		-0.24%	-271
Deductible interest expense (Robin Hood tax)		0.88%	996
Change in life insurance reserves (DL 78/2010)		0.28%	316
Facilitating Economic Growth		-0.62%	-700
Other differences - taxable IRES		-0.33%	-372
IRAP deduction from IRES		-2.34%	-2,640
Adjusted rate		30.71%	34,654
Other differences - Irap tax base		7.38%	8,328
Effective rate		38.08%	42,971

Section 21 - Gains (losses) on groups of assets held for sale net of taxes - Item 310

21.1 Profit (loss) from groups of assets / liabilities held for sale, net of taxes: breakdown

Income components / Sectors	Total 12/31/2014	Total 12/31/2013
1. Income	-	-
2. Charges	-	-
3. Result of valuation of groups of assets and associated liabilities	-	-
4. Gains (losses) on disposals	-	1,292
5. Taxes and duties	-	-
Profit (loss)	**-**	**1,292**

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Section 22 - Profit (loss) for the period attributable to minority interests - Item 330

22.1 Breakdown of item 330 "Profit (loss) attributable to minority interests"

	12/31/2014	12/31/2013
Investments in consolidated companies with significant minority interests		
1. Banca Sella SpA	4,762	1,510
2. Heritage Bank Sella & C.	3,301	1,293
3. Easy Nolo SpA	202	140
4. CBA Vita SpA	149	82
5. Sella Gestioni SGR SpA	35	39
6. Consel SpA	(9,128)	322
Other investments	72	60
Total	**(607)**	**3,446**

Section 24 - Earnings per share

24.1 Average number of diluted ordinary shares

	12/31/2014		12/31/2013	
	Ordinary	Other	Ordinary	Other
Net profit attributable to the Parent *(thousands of EUR)*	70,475	70,475	34,892	34,892
Average number of shares outstanding	209,976,000	4,051,340	209,976,000	4,051,340
Basic EPS *(euro)*	**0.02**	**0.02**	**0.02**	**0.02**

24.2 Other information

IAS 33 requires disclosure is earnings per share (basic EPS) and diluted earnings per share (EPS diluted). Banca Sella Holding holds no equity instruments that could potentially dilute basic earnings per share, therefore the diluted earnings per share corresponds to basic earnings per share.

The basic EPS is calculated by dividing the net profit attributable to holders of ordinary and special shares of the parent company (numerator) by the weighted average number of ordinary and special shares (denominator) in issue during the year. With reference to the denominator of these, it is noted that the weighted average number of ordinary and special shares outstanding is equivalent to the same number of ordinary and special shares outstanding at December 31, 2014 (ie 212,347,635) as:

• at 1 January 2014 there were outstanding 212,347,635 ordinary shares plus premiums of Banca Sella Holding;

• During the year 2014 Banca Sella Holding has not issued any new ordinary or premium shares;

• 31 December 2014 Banca Sella Holding did not hold any treasury shares.

Part D – Comprehensive Consolidated Income

	Analytical statement of consolidated comprehensive income			
	Items	**Gross amount**	**Income tax**	**Net amount**
10.	**Profit (loss)**	**X**	**X**	**69,868**
	Other comprehensive income without transfer to income statement	**- 7,108**	**1,957**	**- 5,151**
20.	Tangible assets	-	-	-
30.	Intangible assets	-	-	-
40.	Defined benefit plans	(7,108)	1,957	(5,151)
50.	Non-current assets held for sale:	-	-	-
60.	Share of valuation reserves of equity investments accounted for at equity	-	-	-
	Other comprehensive income with the reversal to income	**19,302**	**(6,159)**	**13,143**
70.	**Hedging of foreign investments:**	**-**	**-**	**-**
	a) fair value changes	-	-	-
	b) transfer to income statement	-	-	-
	c) other changes	-	-	-
80.	**Exchange differences:**	**204**	**(3)**	**201**
	a) fair value changes	204	(3)	201
	b) transfer to income statement	-	-	-
	c) other changes	-	-	-
90.	**Cash flow hedges:**	**-**	**-**	**-**
	a) fair value changes	-	-	-
	b) transfer to income statement	-	-	-
	c) other changes	-	-	-
100.	**Financial assets available for sale:**	**18,396**	**(6,156)**	**12,240**
	a) fair value changes	65,758	(22,205)	43,553
	b) transfer to income statement	(8,884)	2,843	(6,041)
	- Impairment losses	-	-	-
	- Gains / losses on disposals	(8,884)	2,843	(6,041)
	c) other changes	(38,478)	13,206	(25,272)
110.	**Non-current assets held for sale:**	**-**	**-**	**-**
	a) fair value changes	-	-	-
	b) transfer to income statement	-	-	-
	c) other changes	-	-	-
120.	**Share of valuation reserves of equity investments accounted for at equity:**	**702**	**-**	**702**
	a) fair value changes	702	-	702
	b) transfer to income statement	-	-	-
	- impairment losses	-	-	-
	- gains / losses on disposals	-	-	-
	c) other changes	-	-	-
130.	**Total other comprehensive income, net of tax**	**12,194**	**(4,202)**	**7,992**
140.	**Comprehensive income (Item 10+130)**			**77,860**
150.	Consolidated comprehensive income attributable to minority interests			295
160.	**Consolidated comprehensive income attributable to Parent Company**			**77,565**

Part E – Information on risks and on hedging policies

Premise

Gruppo Banca Sella attaches great importance to the management and control of risks, as conditions to ensure a sustainable value creation in a context of controlled risk.

The monitoring and control of risk is carried out by the corporate control of the second level (Compliance and Risk Management) and third level (Internal Audit). In particular, the Risk Management of the parent company, has the *mission* to contribute actively to the achievement of effective risk management and an efficient risk / return profile, through the identification, measurement and control of risks of First and Second Pillar of Basel 3, by operating in a manner closely linked to the management of economic and financial variables and constant respect for and adaptation to the changes required by the regulations and in line with the best practices of the system. The Risk Management function is distinct and independent of the business functions responsible for managing operational risk and is placed directly under the CEO. The organizational structure provides for the division of the Risk Management of the Parent Company in specific offices: Credit Risk, Market Risk, Operational Risk, Capital and Risk Integration and Validation Internal, the latter has been newly constituted and established in an optic of switching to internal methods of measurement of credit risk.

The culture of control and risk in Banca Sella is widespread at all levels. Business strategies are oriented to a careful training and continuous professional development; particular attention is paid to resources, whether operating directly in control functions or in operational functions, ensuring continual professional development through the use of external training and continuous professional and regulatory updating, including participation in interbank working groups.

Section 1 - Banking Group risks

1.1 Credit risk

Qualitative information

General aspects

Gruppo Banca Sella attaches great importance to measuring and managing credit risk. The activity of loan supply has always been oriented towards the form of traditional business, supporting the financing needs of households and providing the necessary support to businesses - in particular small and medium-sized - in order to support their growth plans, the phases of consolidation and the need to finance in the negative phases of the economic cycle. With regard to credit risk there are no operations in innovative or complex financial products.

Credit policies and delivery processes and credit monitoring are therefore defined to combine the needs of customers with the need to ensure the maintenance of the quality of loan assets.

With specific reference to the activities of credit risk control, these are delegated to the Risk Management Services (Office Credit Risk Management) of Banca Sella Holding and Credit Quality Control of Banca Sella. The first has the task of monitoring and quantifying the credit risk assumed by the Group companies, to assess its sustainability and, through the use of shared tools, facilitate efficient and proactive management. The second is devoted to a more traditional monitoring mainly oriented to an analysis of individual risk positions and analysis regarding performance of certain variables deemed significant for purposes of monitoring credit risk.

Policies for managing credit risk

- Organizational aspects

In general funding applications are submitted directly to the branches of the respective banks of the Group.

In the process of lending it is expected that the application is first evaluated by a special decision-making structure within the branch. In support of the assessment process, the banks are equipped with systems of scoring and rating applied differently to different classes of customers: retail, small business, SMEs and Corporate. While respecting the limits of autonomy, the branch may accept the application, reject it or, sometimes, modify it (for example requesting further guarantees or proposing a reduction of the amount required or a different type of loan).

Starting in 2011 in the Group's banks where lending volumes are greater, there was established the Center Credit In the instruction of specialized loan practices of businesses as well as those of large private loans.

Based on the amount and type of credit requested, the lending practices are decided by different bodies within the structure of each Group bank, starting with branches up to the Board of Directors. If the practice provides for the acquisition of collateral to pledge, surety or mortgage, the process requires a precise control of scanned documents. The outcome of the control is functional to the end of the working practice and the use of the same guarantees for the weighting of capital absorption.

Following delivery, the credit positions are reviewed regularly in order to ensure the maintenance of creditworthiness and assess any new customer needs. In support of this activity, an automatic procedure exposes at the beginning of each month to branches the requests for review.

For the purposes of monitoring the progress of the relationship, there has been completely revised the internal procedure aimed at classifying in a more timely manner the customer based on the anomalies that may arise from the relationship. We have defined four classes of risk and for each customer there is a detailed file of signals for detected irregularities. Depending on the severity of the same, there is a specific management process to ensure customers the necessary assistance and to eliminate performance anomalies in place.

With regard to consumer credit and leasing, the credit policies first of all start by considerations relating to the goods or services to be funded and the types of distribution implemented by the dealer. Then, by defining in advance the types of products or services acceptable and unacceptable, there is also carried out a first selection of the risk arising.

About the product loans against salary and delegation of payment, given the mandatory insurance for the completion of the transactions, in the selection a central role is played by the decisive underwriting criteria and the opinion expressed about the third company by insurance companies.

- Management, measurement and control

Management systems, measurement and monitoring of credit risk involves the entire credit process, including the following phases: initial phase of investigation, periodic reviews of the practical verification of trends and possible problem loan management, revocation and recovery.

The Risk Management of the Parent Company is responsible for developing methodologies for measuring credit risk and to support the creation of specific models for the assessment of risk components on the individual loan portfolios.

The Risk Management Office also carries out supervisory activities, preparing periodic reports at all levels and by providing common guidelines. The periodical analyses concern, among other things, the distribution of customers by rating class and the evolution of the risk profile of the entire loan portfolio or particular sub-portfolios characterized by specific risk conditions. Among the activities conducted by the Risk Management there is also included the monitoring of risk limits and warning thresholds related to credit quality and risk concentration.

With regard to the assessment of the default risk, they are in place processes and analysis tools based on a different internal segment of customers. Customer segmentation allows, among other things, to distinguish companies, based on exposure and sales, in four size classes, denominated in ascending order: small business enterprises, small-medium enterprises, corporate and large corporate enterprises .

Each enterprise is associated with a summary analysis of risk attributed by one of the two internal rating models used by Banca Sella: one for small business customers and for small-medium enterprises and one for corporate customers and large corporate. The process of rating assignment regards in a general manner all types of companies: subject to evaluation are entities that operate in the industrial, commercial, services sector and in that of long-term productions, as well as farms, cooperatives, non-profit companies and financial institutions.

The internal rating used by the banks of Gruppo Banca Sella is an automatic rating integrated into enterprise information systems and consists of the following components involved to varying degrees in the evaluation according to the type of counterparty (small business and small-medium business or corporate and large corporate):

- Financial information (balance sheet data). For corporate and large corporate enterprises there is provided the calculation of an actual rating of the balance sheet that can be calculated on each client or potential client. Prerequisite for calculating the rating of the budget is the possession of a financial statement including balance sheet and income statement. The score of the budget is also the maximum level of detail obtainable for the following categories of customers: a financial company, a leasing company, a factoring company, holding. For businesses, small business and small-medium enterprises there is provided the calculation of some fiscal indicators that contribute to the final evaluation of the creditworthiness of the customer.
- Qualitative information. For corporate and large corporate enterprises there is provided the calculation of the rating of Company arising from integration of the rating of the financial and qualitative component obtained by filling out a questionnaire prepared by the manager of the relationship. As in the rating of the balance sheet, the rating of a subsidiary is measured on each corporate client and large corporate borrower or potential borrower. In the case of a new client it is classified as an "acceptance rating" as it is based on quantitative and qualitative data that go beyond the trend variables. For businesses, small business and small-medium enterprises they are expected to complete the quality questionnaire but this information does not affect the final judgment of the customer.
- Information of regarding trends (bank's internal data and the data of Central Risk). For corporate and large corporate enterprises, the integration of the rating of a business and the behavioral component allows the determination of the overall rating that represents the most thorough assessment possible of the creditworthiness of a corporate and large corporate client. For businesses, small business and small-medium enterprises there is provided the calculation of certain performance indicators that contribute to the final evaluation of the creditworthiness of the customer. The performance component can be calculated only on companies with enhanced performance data for at least three months over a period of six months.

The internal rating models in place at the banks of Gruppo Banca Sella consist of nine classes for performing loans: from SA1 (least risky customers) to SA9 (riskiest customers) for businesses, small business and small-medium enterprises, from AAA (least risky customers) to C (riskiest customers) for corporate and large corporate enterprises.

The rating is absent if there is not present an essential element in determining a credit rating, such as a temporally valid final balance sheet.

The process for delivering and monitoring of credit also provides for the integration (of a purely informative nature) of a performance scoring model to evaluate the continuous probability of default associated with private customers. Like the internal rating, the performance scoring is expressed in a final summary judgment consisting of nine classes. The main difference from the internal rating is that, for the subject of a specific customer segment, the relative weight of the individual components of the model takes into due consideration the different risk characteristics of the counterparties.

During 2014 work continued on assigning and updating ratings to corporate borrowers, further consolidating the significant level of coverage achieved in previous years. There also continued the activities of the Rating Committee that assumes both a consultative and decision-making nature and has, among its duties, the activities of the override resolution of the rating of the customer enterprise. The override resolution occurs, within the powers assigned to the Committee, in accordance with specific guidelines. The causes are necessarily reduced to a list of specific reasons and there is a system of checks to ensure the consistency, integrity and effectiveness of the derogations, carried out, however, only in respect of residual cases that are not easy to standardize or not considered by model.

The supervisory regulations known as Basel 3 was immediately interpreted as an opportunity to refine the techniques for measuring credit risk and to ensure the defense through the use of techniques with increasing sophistication. While determining its capital requirement for credit risk under Pillar I using the Standardised approach, the Group has always been heavily involved in taking all the necessary organizational and methodological actions aimed at demonstrating how its interior rating system is substantially in line with the requirements of supervisory regulations (so-called experience test).

The Group is also aware of the importance of all the risk factors linked to credit risk, but not measured by the instruments provided by the first pillar of Basel 3, such as the risk of concentration (in the dual sense of single name and geo-sectoral) and the residual risk (the risk that the mitigation techniques of Credit risk prove, in retrospect, less effective than expected). Subject to strict compliance with supervisory regulations concerning large risks and the quantification of internal capital to cover the risk of concentration under the second pillar of Basel 3, the Parent Company has defined precise guidelines designed to mitigate concentration risk through the splitting of the loan portfolio, both in terms of a single entity, and by sector / region. The process of granting credit limits also provides limits on the basis of the amounts under custody. Individual lending practices for which the overall exposure of the debtor and the group of clients to which it may be connected exceeds certain thresholds are always subject to the scrutiny of the parent company. The exposure to concentration risk is monitored on a monthly basis according to objective indicators, such as the Herfindahl index, for which were set precise limits to contain the overall exposure in individual sectors / regions and size classes. Regarding instead the residual risk, the Parent Company has set up a special process designed to verify the eligibility of assets according to each requirement of specific and generic nature dictated by the regulator.

Together with the drafting of the ICAAP (analysis of capital adequacy in accordance with Pillar 3 of Basel), and then at least on an annual basis, the parent company conducts stress tests on the consolidated loan portfolio. The procedures of stress tests consist of sensitivity of internal capital against credit risk to the realization of specific adverse events, extreme but plausible (such as, for example, a deterioration in the decay rate of the loan portfolio).

In 2014 we have implemented a series of activities to ensure full implementation of the 15th update of Bank of Italy circular n.263 / 2006, in detail:

- the activation of second-level controls on credit risk in the hands of the Risk Management Department of the Parent Company;
- the assessment of consistency with the RAF of the most significant transactions and practices of provision / renewal of loans to the Board of Directors;
- the integration in the IT procedure for identifying legal and economic ties to the customers of a company Biella Leasing SpA and Consel SpA.

Moreover, as regards the control at the individual level, Banca Sella has a Managers Anomalous Loans service, today inserted within the area of Non Perfoming Exposures, which supports branches in the management of customers characterized by relevant indices of performance anomalies.

The service Credit Quality and Controls of Banca Sella carries out verification of the adequacy of the garrisoning of the credit risk with continuous monitoring of performance and customer data and checks on the operation of the distribution network of Banca Sella and services of of the Credit Area responsible for lending and credit management for "non-performing" loans through the activities of the Credit Monitoring, Audit and Control Credit Guarantees. It carries out similar activities in outsourcing for companies Banca Sella Heritage & C. Spa, Biella Leasing and Consel.

More specifically, the service operates through:

- remote control of the correct lending and management of branches with more abnormal trends;
- control of the proper exercise of delegated powers;
- monitoring of compliance with internal regulations concerning the provision and management of credit.
- systematic checks on customer positions characterized by anomalous trends and monitoring the timeliness of an intervention by the distribution network and Lending services responsible for credit management of "non-performing" loans, requesting their resolution and possibly triggering escalation processes
- sharing with the managers of customer relations, actions and deadlines for their resolution;
- identification of proactive and anticipatory actions and their procedural management;
- management of follow-up on activities carried out

The different purposes of monitoring, the different scope of observation and timely signalling are such as to require the adoption of different and complementary instruments, whose use and whose technical specifications of operation are such as to avoid duplication of reports.

As part of its performance monitoring, the service quality of credit makes use of the following procedures:

Procedure CADR - AUTOMATIC CLASSIFICATION OF RISK. The procedure classifies all items belonging to the Credit Portfolio of the Group banks (trusted clients or with existing loans) in 4 classes according to credit risk:

- CADR class 1 (green): relationships without anomalies and relationships with low-grade abnormalities;
- CADR class 2 (yellow): relationships with anomalies that do not undermine the continuation of the relationship, but that need to be remedied;
- CADR class 3 (red): abnormal relationships requiring action on the basis of the type of anomaly in being, of amount of exposure and of the amount of time expired understood as the sum of the unpaid installments and the current account overdraft;
- CADR class 4 (black): relationships with such significant anomalies to assume immediate action for their settlement.

Purpose: The procedure Cadr is aimed at:

- classifying the loan portfolio of credit risk expressed by customers;
- making available a form useful to the customer of risk monitoring and management of credit risk; the card is integrated in the CRM platform and allows one to display in a single screen all the indicators used in the calculation of the policy, along with other information useful for the management of the practice.

The frequency of update is given weekly.

Presidio on credit risk: the process of managing credit risk is carried out on the CRM platform where there is a section dedicated to the control of risk of credit called "Credit Alarms".

There are contracts that show anomalies related to: Risk and CADR Post-due current account and unpaid installments.

Through the CRM there are provided promptly the contacts to work with to reduce the risk of credit losses, in CRM there are shown the customer information for commercial purposes in order to have a complete view of the customer. The actors involved in the process of supervision in CRM are: the Branch, the Phone Collection, the Auditors Anomalous Loans and decision makers.

Classes Behavioral Anomaly (at May 2012 the ISA - synthetic indicator of Behavioral Disturbance was replaced)

Purpose: These are designed to immediately identify the customer relationships that presented several performance anomalies within the classifications already made by the CADR - Auto Risk classification procedure. It allows us to:

- determine the severity of a relationship;
- set a priority for action.

The new 12 classes represent the propensity to default in the short term. To a higher class there correspond more critical customer relations. Class 12 in fact includes all the positions marked "Subjective Grounding". The class is viewable in the CADR risk card integrated into CRM.

The frequency of update is weekly.

TABLEAU DE BORD

The tool allows you to examine the trend of specific performance data with the ability to segment reporting portfolio at the Bank, Territory, District and Branch level.

Purpose: the Tableau de bord is aimed at monitoring the trend of specific performance anomalies and measure the achievement of objectives (Past-due current accounts, Fixed asset current accounts, Delinquency Ratio, overdue bills, resolutions expired, expired Foreign Financing, Unsolved portfolio SBF, Performance uses for risk classes CADR, Substandard not revoked, past due, Renovated objective, PD).

Users: the data contained in the Tableau de bord are available to Offices and the internal distribution network.

Frequency of update of the data: Data is updated on a monthly basis and relates to the values at the end of the month. Overflow and Deliquency ratio are instead updated daily.

There has been strengthened particularly dedicated coverage of the tension signals represented by current account and unpaid installments and late repayments by developing reporting procedures that can ensure a more timely intervention. This control is aimed at the resolution of performance anomalies with the customer seeking the best solution to enable the regular repayment of the subsidy that they received, while safeguarding the credit risk of the portfolio.

In Banca Sella there is operative a dedicated team for positions being restructured in accordance with Art. 67 paragraph 3 and Article 182 bis of the Bankruptcy Law. The objectives of the team are as follows:

- anticipate situations of irreversible degradation of the economic and financial situation of customers;
- protect the quality of the assets of the balance sheet;
- support deserving customers with a reasonable chance of recovery;
- develop customized financial solutions;
- promote agreements with credit guarantee consortia, institutions, and credit guarantee companies.

With regard to consumer credit and leasing, credit policies first of all start by considerations relating to the goods or services to be funded and the types of distribution implemented by the dealer. Therefore, by defining in advance the types of products or services acceptable and unacceptable, there is also carried out a first selection of the risk arising.

Another strategic choice regarding the lending policies is the assessment of credit by means of data entry of customer information centralized and independent of the commercial network and the adoption of scoring systems that allow one to implement statistically robust logic, comprehensive of the universe of information available, objective and verifiable.

The scoring of the PD trend, combined with socio-demographic characteristics and parameters of credit established, is used for profiling existing customers to whom to direct commercial offers (with specific reference to the products of personal loans and credit cards).

About the product of salary-backed loans and delegation of payment, given the mandatory insurance for the completion of the transactions, a central role in the selection is held by the decisive underwriting criteria and the opinion expressed about the third company given by insurance companies.

Elements distinguishing the product of salary-backed loans, as regards corporate policies, are mandatory assessment of the operations taking into consideration the overall exposure of the client and the definition of a minimum threshold of net disbursed as a percentage on the upright operation defined in accordance with the principle that the operations of assignment or delegation of payment must bear a concrete benefit to the customer. Still on the subject of salary-backed loans it should be noted that the company has fully incorporated in its procedures, the instructions in the Public Notice precautions and guidelines for operators.

- Techniques for mitigating credit risk

In light of the significant attention given to the activity of lending, allocation of funds takes place against a particularly detailed initial selection of possible borrowers. In the first instance, the assessment of creditworthiness is based on the actual capacity of the obligor to meet its commitments made solely on the basis of their ability to generate adequate cash flows. In the process of disbursement and monitoring of loans there are evaluated carefully, especially with regard to customers associated with a higher probability of default, the forms of protection from the risk of credit granted by type of technical form and the presence of guarantees.

The guarantees typically acquired from counterparties are those characteristic of banking, primarily: personal guarantees and real guarantees on property and financial instruments. The Group does not use clearing agreements related to balance-sheet and "off balance sheet" or purchase of credit derivatives.

The Group has full knowledge of the fact that the techniques for mitigating credit risk are most effective when acquired and managed in order to meet the requirements set forth by the Basel 3 rules in every possible profile: legal, timely realization, organizational and specific to each guarantee. Effective compliance with the eligibility requirements is the result of a complex process, differentiated based on the type of techniques to reduce credit risk, involving many actors: from the distribution of colleagues who deal with the phase of acquisition of collateral to Risk Management of the parent company that deals with the phase of verification of the guarantees.

With specific reference to the stage of acquisition of collateral, the process is supported by a special procedure which intervenes between the approval stage and the stage of completion of the exposure time to manage the acquisition of collateral (pledges, mortgages and guarantees) and constraining the execution of the improvement to the success of the planned checks.

At the step of verifying the eligibility of collateral, the Risk Management Department of the parent company is concerned, from the data input from the data processing system to support the acquisition of new guarantees, with two activities:

- revaluation statistics (so-called surveillance) in the value of properties in mortgage for all contracts for which the Regulation 575/2013, permits recourse to this type of evaluation. For this purpose it uses a database of all price trends by geographic area and type of property acquired from an external supplier;
- verification of a general and specific eligibility of all instruments for mitigating credit risk. For this purpose there has been developed a special procedure which, in the face of each guarantee, certifies compliance with the eligibility requirements of a general and specific nature at each date of calculation of capital requirements.

With specific regard to guarantees, the specific requirements for the eligibility of guarantors are quite strict and, in essence, allow to recognize for the purposes of a mitigation of the capital requirement for credit in the face of credit risk only those guarantees issued by sovereign states, Boards Public Sector, Multilateral Development Banks, Supervised Intermediaries and companies with high credit ratings. It should be noted that the Group has also continued in 2014 to use, where possible, the guarantees issued by the Guarantee Fund for SMEs, which, thanks to the presence of the Italian State as a counter-guarantor, allow the mitigation of credit risk for prudential purposes. Convinced that the guarantees given by people other than those on the regulatory list can still provide effective mitigation against credit risk for management purposes, where deemed necessary it is common practice to admit as guarantors also individuals or companies without an external rating.

In general, the practice of lending does not include the acquisition of guarantees covering the presence of contractual restrictions that might undermine the legal validity. The process of verification of the guarantees involves the analysis by legal experts and the standard and not standard contracts (an example of which is made by the individual agreements signed with guarantee). In addition, to further safeguard the requirement of legal certainty, on each contract there is a second-level control on the completeness and correctness of the documentation from the Service Control Guarantees Group and Central Services Group.

For each type of guarantee conditions of concentration are not found (in terms of credit risk or market). In particular:

- guarantees on real estate: both mortgage loans and property leasing transactions are intended mainly to private customers or small businesses. There allows us to maintain a high degree of risk spreading;
- Collateral on financial instruments and personal guarantees: although there remain a good diversification of the issuers and guarantors, it seems appropriate to highlight that the issuer / guarantor towards whom the loan portfolio is more exposed is the Italian state.

- Impaired financial assets

The structure of Banca Sella SpA, carries out for Banca Sella itself and, for the activities of debt recovery in litigation related to impaired loans which are terminated and non-performing, performs outsourcing for Banca Sella & Heritage Spa and the leasing company Biella Leasing spa.

Consel instead adopts a credit bureau score aimed at profiling its portfolio of customers in litigations that, from the information available on the customer system level, defines the most targeted action of intervention.

During 2014, the Litigation Service and the Anomalous Loans Service have been the subject of an organizational review and were merged into one service called Non Performing Exposures. This change in the organizational structure is designed to meet the need to achieve effective management of non-performing loans with the aim of harmonizing and integrating the actions of intervention, from the onset of the first signs of deterioration, up to the situations of performance anomalies with severe and / or irreversible characteristics.

The service Non Performing Exposures deals with the non-performing loans in all its different categories of criticality, carrying out management and valuation of impaired loans.

Within its management functions, the service Non Performing Exposures is divided into four services:

- Managers of Anomalous Loans Service: it consists of figures specialized in the area with the function of managing the relationship with not performing customers of a significant amount, for support and in accordance with the Distribution Network; similar figures of the headquarters carry out the function of coordination and control.
- Phone Collection Service: consists of figures present at headquarters and at the Service Centre of the Group with the function of management of phone collection of non-performing loans of insignificant amounts
- Restructured loans Service: it consists of specialized office figures dealing with positions of significant amounts of exposures involving several lenders or exposures presenting critical issues related to particular legal and economic aspects. It performs actions of intervention on the customer in accordance with the Managers of Anomalous Loans and figures of Corporate Distribution Network
- Litigation Service : it consists of figures present when dealing with all the positions for which it was necessary to initiate the phase of compulsory recovery of the credit, since the action taken by the previous services did not allow a definitive solution of the criticality of the clientele.

With regard to the range of customers with lower exposure, the support of Phone collection in reminders on credits that show the first signs of deterioration, allows us to treat a large number of customers with efficiency and continuity, allowing the distribution network to remain focused on aspects of commercial development. The Phone collection service uses the Services Center of the Group with staff organized in wide time slots, resulting in improved performance of the recovery of overdue small amounts.

Where no one can see real prospects for resolution to emerge from bankruptcy, there is prepared the changeover to litigation for initiating enforcement actions.

For positions with the largest exposures, the Managers of Anomalous Loans of the Non Performing Exposures service are intended to interact with the Distribution Network promptly taking charge of the direct management of impaired customers to solve critical trends, identifying effective solutions to emerge from bankruptcy thereof.

In particular the management of such positions by the Managers Anomalous Loans and Restructured Loans sector is tasked with:

- assessing the future prospects of the borrower
- restructuring the maturities of financial commitments to adapt to the situation of temporary difficulty
- assisting with this expansion of the trend anomalies reported;
- acquiring guarantees to mitigate credit risk
- joining the negotiating table opened between clients and the lending banks
- analyzing the documentation provided by clients and consultants in charge, in order to assess the business and financial plans for the proposed rehabilitation of debts
- foreseeing an appropriate investigation in electronic loans with the purpose of subjecting to the competent deliberative bodies solutions found or being formulated by customers
- ensuring the appropriate pricing for the risk profile
- not raise the overall level of risk when not foreseen concrete prospects of recovery;
- assessing the correct classification of credit deterioration during the negotiation phase
- assessing the correct recoverability by applying provision policies
- assessing to act for the recovery of credit when the trend and the overall situation of the customers leads to the choice to disengage from the relationship.

In the latter case, and whenever necessary conditions are met, the positions of the non-performing customer must be passed to the litigation office that aims to:

- revoke the credit lines;
- pursue actions aimed at prompt recovery of loans in default and acquiring further guarantees to support exposures;
- initiate enforcement actions in order to achieve compulsorily guarantees unless there are several conditions for the granting of rescheduling and / or other forms of facility
- rapid assessment of the estimate of expected losses in an analytical way on a per-client relationship;
- periodically check the adequacy of the recovery forecasts and the terms of recoverability of credit;
- optimize the costs / results of legal action for the recovery of credit;
- make permanent the losses recorded at the end of the actions taken out of court.

The decision-making function on the assessment of recoveries of non-performing customers and of the proposals of resignation of the transaction, regarding Banca Sella SpA, is attributed directly to the service manager, except for the largest amount of transactions. In these cases, the decision-making function is attributed to monocratic structures within the powers conferred on individuals by the CEO of Banca Sella.

For disputes involving other outsourced companies, powers are conferred on individuals by the CEO of the company.

The forecast of recoverability of the credit in dispute is subject to an individual assessment process, performed without using estimation models for expected cash flows, attributing a differentiated repayment plan in relation to the characteristics of the individual loans taking into account the current and / or acquirable guarantees and any agreements reached with customers.

In particular, the assessment shall take into account:

- the amount of the recovery value as the sum of the expected future cash flows estimated on the basis of these types of guarantees and / or acquirable, their estimated realizable value, the costs involved, the willingness to pay of a debtor;
- recovery times estimated based on the type of safeguards present, the mode of a judicial or extrajudicial liquidation of the same, insolvency proceedings, the geographical area;
- discount rates for all receivables measured at amortized cost using the effective interest rate as the original, while for credit lines to withdraw there is considered the rate at the time of default.

In the first application of the IAS, concerning the analytical assessments and the definition of the effective interest rate - given the objective impossibility of being able to find the original rates on reports of impaired loans as not available on computer media - Gruppo Banca Sella has established to use:

- the nominal rate of 31 December 2004 in place on bank records, relating to the individual relationship to default: this rate can be - as appropriate - the rate in effect at the time of default, the rate assumed at the time of injunction or that agreed with the customer with a plan for paying off their debts; these rates are still reduced to the limit of the loan rate threshold on 31 December 2004;
- use, for all reports that at 31 December 2004 were zero, the last rate on the report before the zero if available; in the absence of such data, the legal rate has been adopted.

Quantitative information

A. A credit quality

For the purposes of quantitative information on credit quality, the term "credit exposure" means excluding equity securities and mutual fund shares, while the term "exposure" includes these items.

A.1 Impaired and performing loans: amounts, adjustments, changes, economic and territorial cohesion.

A.1.1 Distribution of credit exposure and by portfolio and credit quality (book value)

Portfolio / Quality	Banking group						Other companies		Total
	Sufferings	Substandard loans	Restructured	Past due exposures	Non-performing loans Overdue	Other activities	Impaired	Other activities	
1. Financial assets held for trading	-	192	-	-	-	366,615	-	15	366,822
2. Financial assets available for sale	-	-	1,824	-	-	2,140,027	-	618,750	2,760,601
3. Financial assets held to maturity	-	-	-	-	-	-	-	-	-
4. Due from banks	-	-	-	-	-	1,199,113	-	10,803	1,209,916
5. Loans to customers	311,197	345,109	11,035	34,506	154,054	7,205,257	-	274	8,061,432
6. Financial assets at fair value	-	-	-	-	-	-	-	183,914	183,914
7. Financial assets held for sale	-	-	-	-	-	-	-	-	-
8. Hedging	-	-	-	-	-	14,749	-	-	14,749
Total 12/31/2014	**311,197**	**345,301**	**12,859**	**34,506**	**154,054**	**10,925,761**	**-**	**813,756**	**12,597,434**
Total 12/31/2013	**307,577**	**227,577**	**29,426**	**84,705**	**117,993**	**10,382,524**	**-**	**779,011**	**11,928,813**

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

Portfolio / Quality	Impaired assets			Performing			Total (net exposure)
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
A. Banking Group							
1. Financial assets held for trading	192	-	192	X	X	366,615	366,807
2. Financial assets available for sale	1,824	-	1,824	2,140,027	-	2,140,027	2,141,851
3. Financial assets held to maturity	-	-	-	-	-	-	-
4. Due from banks	-	-	-	1,199,530	417	1,199,113	1,199,113
5. Loans to customers	1,353,586	651,739	701,847	7,408,334	49,023	7,359,311	8,061,158
6. Financial assets at fair value	-	-	-	X	X	-	-
7. Financial assets held for sale	-	-	-	-	-	-	-
8. Hedging	-	-	-	X	X	14,749	14,749
Total A	**1,355,602**	**651,739**	**703,863**	**10,747,891**	**49,440**	**11,079,815**	**11,783,678**
B. Other companies included in consolidation							
1. Financial assets held for trading	-	-	-	X	X	15	15
2. Financial assets available for sale	-	-	-	618,750	-	618,750	618,750
3. Financial assets held to maturity	-	-	-	-	-	-	-
4. Due from banks	-	-	-	10,803	-	10,803	10,803
5. Loans to customers	-	-	-	274	-	274	274
6. Financial assets at fair value	-	-	-	X	X	183,914	183,914
7. Financial assets held for sale	-	-	-	-	-	-	-
8. Hedging	-	-	-	X	X	-	-
Total B	**-**	**-**	**-**	**629,827**	**-**	**813,756**	**813,756**
Total 12/31/2014	**1,355,602**	**651,739**	**703,863**	**11,377,718**	**49,440**	**11,893,571**	**12,597,434**
Total 12/31/2013	**1,153,770**	**504,485**	**649,285**	**10,534,593**	**44,248**	**11,279,528**	**11,928,813**

Positions subject to collective agreements at 12/31/2014

Company	Total debt outstanding as at 12.31.14	Of which expired			
		up to 3 months	from 3 to 6 months	from 6 months to 1 year	over 1 year
		amount expired	amount expired	amount expired	amount expired
Banca Sella	30,902	14	2	-	-

A.1.3 Banking Group - Cash exposures and off-balance sheet loans to banks: gross and net values

Types of loans / values	Gross exposure	Specific value adjustments	Adjustments to portfolio	Net exposure
A. CASH EXPOSURES				
a) Doubtful	-	-	x	-
b) Substandard	-	-	x	-
c) Restructured	-	-	x	-
d) Past due loans Impaired	-	-	x	-
e) Other assets	1,437,961	x	417	1,437,544
TOTAL	**1,437,961**	**-**	**417**	**1,437,544**
B. EXPOSURES OFF BALANCE SHEET				
a) Impaired	-	-	x	-
b) Other	55,928	x	1	55,927
TOTAL B	**55,928**	**-**	**1**	**55,927**
TOTAL A + B	**1,493,889**	**-**	**418**	**1,493,471**

A.1.6 Banking Group - Cash exposures and off-balance sheet loans to customers: gross and net values

Types of loans / values	Gross exposure	Specific value adjustments	Adjustments to portfolio	Net exposure
A. CASH EXPOSURES				
a) Doubtful	868,750	557,553	x	311,197
b) Substandard	429,197	84,088	x	345,109
c) Restructured	13,846	987	x	12,859
d) Past due loans Impaired	43,617	9,111	x	34,506
e) Other assets	9,656,458	x	49,023	9,607,435
TOTAL	**11,011,868**	**651,739**	**49,023**	**10,311,106**
B. EXPOSURES OFF BALANCE SHEET				
a) Impaired	11,035	-	x	11,035
b) Other	735,891	x	1,447	734,444
TOTAL B	**746,926**	**-**	**1,447**	**745,479**
TOTAL A + B	**11,758,794**	**651,739**	**50,470**	**11,056,585**

A.1.7 Banking Group - Cash exposures to customers: changes in gross impaired exposures

Description / Category	Non-performing	Substandard loans	Restructured	Past due positions
A. Gross opening balance	**750,795**	**281,969**	**31,182**	**89,729**
- Of which: sold and not canceled	5,340	615	-	-
B. Increases	**218,397**	**381,024**	**3,921**	**93,130**
B.1 from performing positions	8,059	263,968	940	79,765
B.2 transfers from other categories of impaired loans	180,291	101,498	2,981	1,255
B.3 other increases	30,047	15,558	-	12,110
C. Reductions	**100,442**	**233,796**	**21,257**	**139,242**
C.1 transfers to performing loans (including overdue non-performing)	716	15,696	611	33,244
C.2 cancellations	46,690	111	-	16
C.3 Collections	50,955	31,193	805	12,973
C.4 assignments	450	-	-	-
C.4 a loss on disposal	-	-	-	-
C.5 transfers to other categories of impaired loans	180	173,850	19,659	92,336
C.6 other decreases	1,451	12,946	182	673
D. Closing gross exposure	**868,750**	**429,197**	**13,846**	**43,617**
- Of which: sold and not canceled	2,118	1,021	-	3,779

A.1.8 Banking Group - Cash exposures to customers: changes in total adjustments

Description / Category	Non-performing	Substandard loans	Restructured	Past due positions
A. Total writedowns	**443,218**	**54,392**	**1,851**	**5,024**
- Of which: sold and not canceled	1,604	73	-	-
B. Increases	**192,244**	**73,965**	**1,057**	**6,342**
B1. value adjustments	153,981	64,876	493	6,110
B.1bis losses on disposal	1,942	-	-	-
B.2 transfers from other categories of impaired loans	32,125	2,633	528	25
B.3 other increases	4,196	6,456	36	207
C. Reduced	**77,909**	**44,269**	**1,921**	**2,255**
C.1 writebacks from evaluation	18,964	5,630	436	559
C.2 writebacks from collection	10,551	1,434	66	60
C.2 a profit on disposal	-	-	-	-
C.3 cancellations	46,690	111	-	16
C.4 transfers to other categories of impaired loans	154	32,305	1,368	1,484
C.5 Other decreases	1,550	4,789	51	134
D. Final total adjustments	**557,553**	**84,088**	**987**	**9,111**
- Of which: sold and not canceled	759	214	-	1,095

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

A.2.1 Gruppo bancario – Distribuzione delle esposizioni creditizie per cassa e “fuori bilancio” per classi di rating esterni

Exhibitions	External ratings						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Cash exposures	**204,512**	**197,322**	**2,380,270**	**96,368**	**33,287**	**77,040**	**8,792,509**	**11,781,308**
B. Derivatives	**-**	**15,557**	**1,831**	**-**	**-**	**-**	**20,812**	**38,200**
B.1 Financial derivatives	-	15,557	1,831	-	-	-	20,812	38,200
B.2 Credit derivatives	-	-	-	-	-	-	-	-
C. Guarantees	**-**	**15**	**190**	**-**	**-**	**-**	**269,670**	**269,875**
D. Commitments to disburse funds	**-**	**-**	**-**	**-**	**-**	**-**	**426,558**	**426,558**
E. Other	**-**	**-**	**504**	**-**	**-**	**-**	**66,269**	**66,773**
Totale	**204,512**	**212,894**	**2,382,795**	**96,368**	**33,287**	**77,040**	**9,575,818**	**12,582,714**

In Table A.2.1 classes of external rating are given according to the mapping of the ratings of ECAIs recognized by the Bank of Italy. The mapping is shown in the table relative to the long-term rating assigned by Fitch Ratings:

- The class 1 of credit ratings includes Fitch from AAA to AA-;
- The class 2 of credit ratings includes Fitch A + to A -;
- The class 3 of credit ratings includes Fitch BBB + to BBB-;
- The class 4 of credit ratings includes Fitch BB + to BB-;
- The class 5 of credit ratings includes Fitch B + to B-;
- The class 6 of credit ratings includes Fitch CCC + and lower.

In the light of the composition of the loan portfolio at the Group level, mainly consisting of exposures to individual customers and small and medium-sized Italian companies not valued by external rating agencies, the distribution of exposures of cash and "off balance sheet" for external rating classes appears significant only for some banks of the Group.

The table above shows the distribution of exposures by class of external rating assigned by Fitch to customers of Gruppo Banca Sella. With regard to exposure to banks it is stated that almost all of the counterparties with which it has dealings has a rating superior to investment grade.

The column “unrated” include mainly corporate exposures without external ratings, retail companies, institutions without rating and private customers.

A.2.2 Banking Group - Distribution of cash exposures and "off balance sheet" for internal rating

Exposures	Internal rating classes									Unrated	Total
	AAA/SA1	AA/SA2	A/SA3	BBB/SA4	BB/SA5	B/SA6	CCC/SA7	CC/SA8	C/SA9		
A. Cash exposures	**1,104,467**	**250,055**	**392,309**	**556,713**	**456,968**	**317,049**	**166,582**	**50,551**	**14,941**	**8,521,192**	**11,830,827**
B. Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,200**	**38,200**
B.1 Financial derivatives	-	-	-	-	-	-	-	-	-	38,200	38,200
B.2 Credit derivatives	-	-	-	-	-	-	-	-	-	-	-
C. Guarantees	**42,421**	**28,185**	**19,052**	**24,545**	**14,161**	**9,628**	**6,911**	**978**	**430**	**123,564**	**269,875**
D. Commitments to disburse funds	**30,030**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**396,528**	**426,558**
E. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**66,773**	**66,773**
Total	**1,176,918**	**278,240**	**411,361**	**581,258**	**471,129**	**326,677**	**173,493**	**51,529**	**15,371**	**9,146,257**	**12,632,233**

In the field of internal rating we report that there is in place for all banks in the Group an internal model for the allocation of the credit rating to Corporate and Large Corporate companies and a model for the Small Business and SME companies.

The internal rating system provides, for consistency of terminology with the steps taken by the external rating agencies, nine classes of creditworthiness for performing customers, from AAA / SA1 (the least risky) to C / SA9 (the most risky) . The internal ratings are not currently used for the calculation of capital requirements.

The table above shows the distribution of exposures by class of rating of corporate clients of Gruppo Banca Sella. The column "unrated" includes exposures both of companies having no internal rating and exposures to customers belonging to a different segment than the "companies" segment.

A.3 Distribution of guaranteed exposures by type of guarantee

A.3.1 Banking Group - Credit exposure to banks

p.1

		Collateral (1)				Personal guarantees (2)		
						Credit derivatives		
							Other derivatives	
	Net exposure	Real estate, mortgages	Real estate, financial leasing	Securities	Other collateral	CLN	Governments and central banks	Other public entities
1. Cash exposures guaranteed	16,162	-	-	16,906	-	-	-	-
1.1. completely secured	16,162	-	-	16,906	-	-	-	-
- Of which impaired	-	-	-	-	-	-	-	-
1.2. partially secured	-	-	-	-	-	-	-	-
- Of which impaired	-	-	-	-	-	-	-	-
2. Credit exposure "off balance sheet" guaranteed	-	-	-	-	-	-	-	-
2.1. completely secured	-	-	-	-	-	-	-	-
- Of which impaired	-	-	-	-	-	-	-	-
2.2. partially secured	-	-	-	-	-	-	-	-
- Of which impaired	-	-	-	-	-	-	-	-

A.3.1 Banking Group - Credit exposure to banks

p.2

	Personal guarantees (2)						
	Credit derivatives		Endorsement loans				
	Other derivatives						
	Banks	Other entities	Governments and central banks	Other public entities	Banks	Other entities	Total (1)+(2)
1. Cash exposures guaranteed	-	-	-	-	-	-	16,906
1.1. completely secured	-	-	-	-	-	-	16,906
- Of which impaired	-	-	-	-	-	-	-
1.2. partially secured	-	-	-	-	-	-	-
- Of which impaired	-	-	-	-	-	-	-
2. Credit exposure "off balance sheet"	-	-	-	-	-	-	-
2.1. completely secured	-	-	-	-	-	-	-
- Of which impaired	-	-	-	-	-	-	-
2.2. partially secured	-	-	-	-	-	-	-
- Of which impaired	-	-	-	-	-	-	-

A.3.2 Banking group - Guaranteed credit exposures to customers

	Net exposure	Collateral (1)				Personal guarantees (2)		
						Credit derivatives		
							Other derivatives	
		Real estate, mortgages	Real estate, leasing	Securities	Other collateral	CLN	Governmnets and central banks	Other public entities
1. Guaranteed cash exposures:	5,223,772	7,025,785	488,040	453,485	475,450	-	-	-
1.1. completely secured	4,860,184	7,015,484	483,048	424,965	273,079	-	-	-
- Of which impaired	512,858	817,459	62,122	3,194	14,014	-	-	-
1.2. partially secured	363,588	10,301	4,992	28,520	202,371	-	-	-
- Of which impaired	28,680	7,558	220	1,061	3,123	-	-	-
2. Credit exposure "off balance sheet"	177,889	13,692	-	28,589	16,651	-	-	-
2.1. completely secured	83,982	1,585	-	26,410	10,594	-	-	-
- Of which impaired	3,111	1,144	-	138	75	-	-	-
2.2. partially secured	93,907	12,107	-	2,179	6,057	-	-	-
- Of which impaired	7,720	4,858	-	23	14	-	-	-

B Distribution and concentration of credit exposures

B.1 Banking group - Breakdown of exposures by cash and "off balance sheet" exposures to customers (book value)

p.1

Exposures / Counterparties	Governements			Other public entities			Financing companies		
	Net exposure	Specific value adjustments	Portfolio write-downs	Net exposure	Specific value adjustments	Portfolio write-downs	Net exposure	Specific value adjustments	Portoflio writedowns
A. Cash exposures									
A.1 Doubtful	-	-	x	-	(12)	x	702	(692)	x
A.2 Substandard	-	-	x	-	-	x	1,419	(152)	x
A.3 Restructured	-	-	x	-	-	x	53	(40)	x
A.4 Past-due positions	-	-	x	48	(1)	x	73	(6)	x
A.5 Other exposures	2,173,710	x	(2)	15,067	x	(22)	250,687	x	(620)
Total A	**2,173,710**	**-**	**(2)**	**15,115**	**(13)**	**(22)**	**252,934**	**(890)**	**(620)**
B. Exposures “off balance sheet”									
B.1 Doubtful	-	-	x	-	-	x	-	-	x
B.2 Substandard	-	-	x	-	-	x	9	-	x
B.3 Other impaired assets	-	-	x	-	-	x	-	-	-
B.4 Other exposures	107,572	x	-	536	x	(2)	12,775	x	(49)
Total B	**107,572**	**-**	**-**	**536**	**-**	**(2)**	**12,784**	**-**	**(49)**
Total (A+B) 12/31/2014	**2,281,282**	**-**	**(2)**	**15,651**	**(13)**	**(24)**	**265,718**	**(890)**	**(669)**
Total (A+B) 12/31/2013	**2,425,089**	**-**	**(2)**	**17,029**	**(43)**	**(7)**	**277,001**	**(531)**	**(364)**

B.1 Banking group - Breakdown of exposures by cash and "off balance sheet" exposures to customers (book value)

p.2

Exposures / Counterparts		Insurance companies			Non-financial companies			Other subjects		
		Net exposure	Specific value adjustments	Portfolio write-downs	Net exposure	Specific value adjustments	Portfolio write-downs	Net exposure	Specific value adjustments	Portfolio write-downs
A. Cash exposures										
A.1 Doubtful		-	-	x	221,644	(296,853)	x	88,851	(259,997)	x
A.2 Substandard		-	-	x	261,351	(61,822)	x	82,339	(22,114)	x
A.3 Restructured		-	-	x	9,972	(785)	x	2,834	(162)	x
A.4 Past due positions		-	-	x	14,494	(1,226)	x	19,892	(7,878)	x
A.5 Other exposures		7,212	x	(2)	3,809,649	x	(33,804)	3,351,109	x	(14,573)
A total		**7,212**	**-**	**(2)**	**4,317,110**	**(360,686)**	**(33,804)**	**3,545,025**	**(290,151)**	**(14,573)**
B. Exposures "off balance sheet"										
B.1 Non-performing loans		-	-	x	2,516	-	x	47	-	x
B.2 Substandard		-	-	x	6,489	-	x	1,176	-	x
B.3 Other impaired assets		-	-	x	692	-	x	106	-	x
B.4 Other exposures		1,113	x	(8)	392,896	x	(1,318)	152,778	x	(70)
Total B		**1,113**	**-**	**(8)**	**402,593**	**-**	**(1,318)**	**154,107**	**-**	**(70)**
Total (A + B)	**12/31/2014**	**8,325**	**-**	**(10)**	**4,719,703**	**(360,686)**	**(35,122)**	**3,699,132**	**(290,151)**	**(14,643)**
Total (A + B)	**12/31/2013**	**8,496**	**(2)**	**(6)**	**4,945,596**	**(281,886)**	**(37,047)**	**3,686,597**	**(222,080)**	**(8,084)**

B.2 Banking Group - Geographic distribution of cash and "off balance sheet" exposures to customers (book value)

p.1

Exposures/ Geographical area		Italy		Other European countries		America
		Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure
A. Cash exposures						
A.1 Doubtful		311,051	(557,260)	139	(212)	5
A.2 Substandard		343,071	(83,808)	2,037	(280)	1
A.3 Restructured		12,837	(987)	-	-	-
A.4 Past due positions		34,476	(9,108)	29	(3)	-
A.5 Other exposures		9,438,556	(48,717)	144,660	(215)	12,178
A total		**10.139.991**	**(699,880)**	**146,865**	**(710)**	**12,184**
B. Exposures "off balance sheet"						
B.1 Non-performing		2,564	-	-	-	-
B.2 Substandard		7,674	-	-	-	-
B.3 Other impaired		798	-	-	-	-
B.4 Other exposures		639,994	(1,447)	673	-	1,673
Total B		**651.030**	**(1,447)**	**673**	**-**	**1,673**
Total A+B	**12/31/2014**	**10,791,021**	**(701,327)**	**147,538**	**(710)**	**13,857**
Total A+B	**12/31/2013**	**11,165,024**	**(549,416)**	**152,259**	**(493)**	**4,939**

B.2 Banking Group - Geographic distribution of cash and "off balance sheet" exposures to customers (book value)

p.2

Exposure/Geographical area		America	Asia		Rest of the world	
		Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. Cash exposures						
A.1 Doubtful		(6)	-	-	1	75
A.2 Substandard		-	-	-	-	-
A.3 Restructured		-	-	-	22	-
A.4 Past due positions		-	-	-	-	-
A.5 Other exposures		(15)	568	(1)	11,472	76
A total		**(21)**	**568**	**(1)**	**11,495**	**151**
B. Exposures "off balance sheet"						
B.1 Non-performing loans		-	-	-	-	-
B.2 Substandard		-	-	-	-	-
B.3 Other impaired		-	-	-	-	-
B.4 Other exposures		-	117	-	25,214	-
Total B			**117**	**-**	**25,214**	**-**
Total A + B	**12/31/2014**	**(21)**	**685**	**(1)**	**36,709**	**151**
Total A + B	**12/31/2013**	**(29)**	**640**	**(1)**	**36,946**	**113**

B.2 Banking Group - Geographic distribution of cash and "off balance sheet" exposures to customers (book value)

Exposure / Geographical		North West Italy		North East Italy		Central Italy		Southern Italy and Islands	
		Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. Cash exposures									
A.1 Doubtful		132,678	(207,096)	55,955	(80,467)	45,589	(89,187)	76,830	(180,509)
A.2 Substandard		138,665	(38,444)	56,852	(8,905)	70,128	(17,298)	77,426	(19,162)
A.3 Restructured		9,006	(732)	2,535	(93)	1,095	(156)	202	(6)
A.4 Past due		12,423	(2,695)	3,809	(677)	6,837	(1,901)	11,407	(3,835)
A.5 Other exposures		3,627,581	(23,894)	947,377	(6,680)	3,303,852	(6,938)	1,559,746	(11,205)
Total A		**3,920,353**	**(272,861)**	**1,066,528**	**(96,822)**	**3,427,501**	**(115,480)**	**1,725,611**	**(214,717)**
B. Exposures “off balance sheet”									
B.1 Doubtful		1,549	-	365	-	626	-	24	-
B.2 Substandard		5,573	-	396	-	1.247	-	458	-
B.3 Other impaired assets		468	-	66	-	167	-	97	-
B.4 Other exposures		321,361	(973)	39,893	(75)	175,504	(193)	103,236	(205)
Total B		**328.951**	**(973)**	**40,720**	**(75)**	**177,544**	**(193)**	**103,815**	**(205)**
Total (A+B)	**12/31/2014**	**4,249,304**	**(273,834)**	**1,107,248**	**(96,897)**	**3,605,045**	**(115,673)**	**1,829,426**	**(214,922)**
Total (A+B)	**12/31/2013**	**4,465,072**	**(211,463)**	**1,109,453**	**(80,392)**	**3,737,059**	**(86,418)**	**1,853,440**	**(171,143)**

The above table was compiled since, as required by the 3rd update of circ. 262/05, the Group does business mainly with residents in Italy.

B.3 Banking Group - Geographic distribution of cash and "off balance sheet" to banks (book value)

p.1

Exposure / Geographical		Italy		Other European countries		America
		Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure
A. Cash exposures						
A.1 Doubtful		-	-	-	-	-
A.2 Substandard		-	-	-	-	-
A.3 Restructured		-	-	-	-	-
A.4 Past due positions		-	-	-	-	-
A.5 Other exposures		1,224,493	(2)	174,985	(414)	21,786
A total		**1,224,493**	**(2)**	**174,985**	**(414)**	**21,786**
B. Exposures "off balance sheet"						
B.1 Non-performing loans		-	-	-	-	-
B.2 Substandard		-	-	-	-	-
B.3 Other impaired assets		-	-	-	-	-
B.4 Other exposures		23,190	-	27,858	(1)	643
Total B		**23,190**	**-**	**27,858**	**(1)**	**643**
Total A + B	**12/31/2014**	**1,247,683**	**(2)**	**202,843**	**(415)**	**22,429**
Total A + B	**12/31/2013**	**396,531**	**(2,487)**	**210,638**	**(22)**	**4,163**

B.3 Banking Group - Geographic distribution of cash and "off balance sheet" to banks (book value)

p.2

Exposure / Geographical		America	Asia		Rest of the world	
		Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. Cash exposures						
A.1 Doubtful		-	-	-	-	-
A.2 Substandard		-	-	-	-	-
A.3 Restructured		-	-	-	-	-
A.4 Past due positions		-	-	-	-	-
A.5 Other exposures		-	4,158	-	12,121	(1)
A total		**-**	**4,158**	**-**	**12,121**	**-**
B. Exposures "off balance sheet"						
B.1 Non-performing loans		-	-	-	-	-
B.2 Substandard		-	-	-	-	-
B.3 Other impaired assets		-	-	-	-	-
B.4 Other exposures		-	-	-	4,236	-
Total B		**-**	**-**	**-**	**4,236**	**-**
Total A + B	**12/31/2014**	**-**	**4,158**	**-**	**16,357**	**(1)**
Total A + B	**12/31/2013**	**(1)**	**3,247**	**-**	**10,833**	**-**

B.3 Banking Group - Geographic distribution of cash and "off balance sheet" to banks (book value)

Exposure / Geographical	North West Italy		North East Italy		Central Italy		Sothern Italy and Islands	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. Cash exposures								
A.1 Doubtful	-	-	-	-	-	-	-	-
A.2 Substandard	-	-	-	-	-	-	-	-
A.3 Restructured	-	-	-	-	-	-	-	-
A.4 Past due positions	-	-	-	-	-	-	-	-
A.5 Other exposures	171,868	(1)	44,290	-	1,001,482	-	6,854	(1)
A total	**171,868**	**(1)**	**44,290**	**-**	**1,001,482**	**-**	**6,854**	**(1)**
B. Exposures "off balance sheet"								
B.1 Non-performing loans	-	-	-	-	-	-	-	-
B.2 Substandard	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-
B.4 Other exposures	11,970	-	210	-	18,274	-	-	-
Total B	**11,970**	**-**	**210**	**-**	**18,274**	**-**	**-**	**-**
Total (A + B) 12/31/2014	**183,838**	**(1)**	**44,500**	**-**	**1,019,756**	**-**	**6,854**	**(1)**
Total (A + B) 12/31/2013	**202,449**	**(2)**	**46,084**	**(52)**	**140,957**	**(2,432)**	**6,588**	**(1)**

The above table was compiled since, as required by the 3rd update of circ. 262/05, the Group does business mainly with residents in Italy.

B.4 Large exposures

	Total
a) amount (book value)	3,307,807,549
b) amount (value weighted)	666,414
c) number	2

The only two positions are to the State Treasury and the European Investment Bank.

C. Securitisation

Not subject to recognition in this Part are securitization operations in which there are *originator* banks of the same banking group and all liabilities issued (eg. ABS securities, loans at the stage of "warehousing ") by the vehicle companies are subscribed at the time of issued by one or more companies of the same banking group (eg. bank holding company).

As from 2000, the Group made 7 traditional securitizations.

Two of them, concluded before 1 January 2006, were carried out by Banca Sella Spa, now Banca Sella Holding SpA and targeted performing mortgage loans. The assets related to these operations were transferred, on 1 January 2006, from Banca Sella Holding SpA (formerly Sella Holding Banca SpA) to the "new" Banca Sella SpA.

On 31 October 2010 the securitization completed with Securსel Srl in 2000 ended. Banca Sella repurchased loans by the vehicle, which provided to reimburse in advance the still existing securities.

On April 4, 2008, on January 8, 2009, January 9, 2012 and April 9, 2014 Banca Sella SpA completed the sale of four performing mortgage loans.

The transactions were made in order to diversify the types of funding, improving the correlation of maturities between deposits and loans.

On January 23, 2014, and January 30, 2014, respectively, the operations carried out in 2008, in 2009 were completed. Banca Sella repurchased loans by the vehicle, which provided to reimburse in advance the still existing securities.

The role of servicer in various securitization transactions has always been carried out by the originator (Banca Sella SpA).

Banca Sella SpA, as originator of the transactions, subscribed the entire amount of junior notes issued in connection with the various securitisations; junior securities, for existing transactions, are still being held by the same. Moreover, as regards securitization of 2008, 2009 and 2012, the Bank subscribed the entire amount of the securities issued. In connection with the operation carried out in 2014 however, the Bank has fully subscribed the senior tranche at a fixed rate, while the senior tranche at floating rates have been placed on the market of institutional investors. The securities purchased by the originator can be used as collateral for repurchase agreements with the ECB.

The risk of the assets assigned thus still are held by Banca Sella SpA, which, consequently, will monitor its progress regularly, including by establishing periodic reporting.

The assets transferred continue to be represented in the balance sheet because the sale has not substantially transferred the risk to third parties.

In 2013 and 2014 Consel has set up two securitization transactions with a view aimed at achieving three results:

- diversification of funding sources;
- improving the liquidity position;
- optimizing the cost of funding.

The securitization transactions are structured to get the top rating for the senior notes issued by the SPV.

For all public operations (ABS securities) in place and being structuring, there was requested and obtained a rating of Notes (excluding Junior) by at least two of the four major rating agencies (Standard & Poors, Moodys' Investor Service, DBRS and Fitch Ratings).

In the securitization, the role of servicer is carried out by the Originator Company.

The role of servicer of the transactions requires compliance with a set of quality parameters related to the proper management of the assets underlying the securities issued by the SPV, and an adequate organizational structure in terms of management and personnel.

Operationally, the Servicer shall:

a) manage contracts according to its Credit and Collection Policies and legislation, in agreement with the SPV and the Representative of Noteholders transaction, and with disclosure requirements also to the rating agencies in the event of operations;

b) to make recordings of the Receipts and Recoveries, transferring the relevant amount. Amounts collected by the Servicer of the various operations are transferred to the SPV according to predefined cadences in each transaction (usually on a daily basis) and are held on current accounts remunerated until the first payment date.

As part of the role of Servicer of the operation Consel monitors on an ongoing basis the securitized loans: quarterly "servicing reports" are produced and sent to the rating agencies, the vehicle company and the Calculation and Paying Agent.

The Servicing activity is usually paid by the special vehicle company on the basis of the market.

In securitization transactions carried out by the company, the senior notes may be:

(a) subscribed by institutional investors in the event of a public placement of the Operation in the primary market;
(b) entered into by a company (originator) if the securities are used as collateral for financing operations;
(c) entered into by a company (originator) that provides subsequently to place them with institutional investors in the secondary market.

The junior notes are entirely subscribed by the Originator.

The following table provides summary information about the abovementioned operations.

a) Banca Sella SpA securitization of performing loans - 2005

The transaction was completed in two stages: on October 4, 2005 there was the contract for the purchase of the loans by the special purpose vehicle Mars 2600 Srl, while on October 20, 2005 there have been issued licenses by which the purchase was financed.

The portfolio transferred without recourse consists of performing residential mortgage loans issued by Banca Sella SpA to individuals residing in Italy.

The transaction involved the sale without recourse to the special purpose vehicle of claims secured by mortgages in the amount of 263.3 million euro, including the amount of the loan principal and interest accrued to the date of sale.

In the face of these transactions Mars 2600 Srl issued Class A securities in the amount of 248.9 million euro, Class B notes amounting to 11 million euro, Class C securities amounting to 3.5 million of euro and Class D securities for 3.5 million euro.

The Class A, B and C are listed on the Luxembourg Stock Exchange. Moody's currently assigns the following ratings: Aa2 for the Class A notes (issue was Aaa) - Aa2 for the titles of class B - A1 for the titles of class C. Class D securities are not quoted, They are not rated and were fully underwritten by Banca Sella SpA. The Class A, B and C are were placed at the time of the institutional investors.

The amount paid for the subscription of Class D securities was for the creation of a cash reserve.

On 31 December 2014 securities class ABC generated interest for approximately 0.3 million euro. The Class D showed interest for the year 2014 at about 0.5 million euro.

Banca Sella SpA is charged with the collection of the receivables sold and services and cash payments and the recovery of claims in litigation under a servicing contract that provides for consideration as a servicing fee, payable quarterly, equal to 0.45% the amount of the proceeds of performing monetary claims and 0.05% of the proceeds related to disputed receivables to Banca Sella SpA in the reference quarter. During the year, servicing commissions collected by Banca Sella SpA totaled approximately 0.05 million euro.

Mars 2600 Srl concluded, together with the issuing of securities, an interest rate swap contract with Banca Sella, via BNP Paribas and Banca Sella Holding, in order to hedge the interest rate risk inherent in the structure and due to the difference between the parameter Indexing of the securities issued and the various indexing parameters of the acquired portfolio.

b) Banca Sella SpA securitization of performing loans - 2014

The transaction was completed in two stages: on April 9, 2014 there was completed the purchase of the loans by the special purpose vehicle Mars 2600 Srl, and on June 12, 2014 securities were issued.

The portfolio transferred without recourse consists of performing residential mortgage loans issued by Banca Sella SpA to individuals residing in Italy.

The transaction involved the sale without recourse to the special purpose vehicle of claims secured by mortgages in the amount of about 489 million euro, including the amount of the loan principal and interest accrued at the date of sale.

Against this operation Mars 2600 Srl issued Class A1 in the amount of 216,000,000.0 euro, Class A2 bonds in the amount of 216,000,000.0 of euro and Class D securities in the amount of 67.7 million euro.

The Class A1 and A2 are listed on the Luxembourg Stock Exchange. Moody's currently assigns the following ratings: Aa2 both for class Aa2 securities and for class A2 securities. The same securities are rated also by the DBRS agency as follows: AA both for A1 securities and for the class A2 securities. The Class D are not listed and are not rated.

Banca Sella SpA subscribed class A2, fixed rate securities, and the class D securities, while the A1 notes, at floating rate, were placed on the market of institutional investors. The amount paid for the subscription of Class D securities was for the creation of a cash reserve.

On 31 December 2014 the class A1 and A2 securities generated interest of around 3.8 million euro. The Class D showed in 2014 interest for 8.9 million euro. Banca Sella SpA is charged with the collection of the receivables sold and services and cash payments and the recovery of claims in litigation under a servicing contract which provides in return a servicing fee, payable quarterly, equal to 0.45% of the proceeds of Performing financial loans and 0.05% of the proceeds related to disputed receivables to Banca Sella SpA in the reference quarter. On 31 December 2014 servicing commissions collected by Banca Sella SpA amounted to 0.2 million euro.

C.1bis Other operations of self-securitization, not falling in the quantitative information

Banca Sella SpA securitization of performing loans - 2012

The transaction was completed in two stages: on January 9, 2012 there was completed the purchase of the loans by the special purpose vehicle Mars 2600 Srl, and on March 14, 2012 securities were issued.

The portfolio transferred without recourse consists of performing residential mortgage loans issued by Banca Sella SpA to individuals residing in Italy.

The transaction involved the sale without recourse to the special purpose vehicle of claims secured by mortgages in the amount of 398.8 million euro, including the amount of the loan principal and interest accrued to the date of sale.

Against this operation Mars 2600 Srl issued Class A1 securities in the amount of 112.9 million euro, Class A2 bonds for an amount of 235.4 million euro, Class D securities for 48 million euro.

The Class A1 and A2 are listed on the Luxembourg Stock Exchange. Moody's currently assigns the following ratings: Aa2 to both A1 notes and for the titles of class A2. The same securities are rated even by the DBRS agency as follows: AA is for A1 notes and for the titles of class A2. The Class D are not listed and are not rated.

The full amount of the securities was underwritten by Banca Sella SpA. The amount paid for the subscription of securities Class D was for the creation of a cash reserve.

At 31 December 2014 the titles of class A1 and A2 have generated interest of around 5.4 million euro. The Class D showed in 2014 interest at about 4.9 million euro. Banca Sella SpA is charged with the collection of the receivables sold and services and cash payments and the recovery of claims in litigation under a servicing contract providing for consideration as a servicing fee, payable quarterly, equal to 0.45% of the proceeds of Performing financial loans and 0.05% of the receipts relating to receivables in litigation made by the Bank Sella SpA in the reference quarter. At 31 December 2014 the servicing commissions collected by Banca Sella SpA amounted to 0.2 million euro.

Consel SpA securitization of monetary claims - year 2013

The transaction, completed in 2013, involved a portfolio of receivables arising from contracts of performing consumer loans; on the basis of the portfolio recognized at February 21, 2013, there were identified no. 152,103 positions for a total of 561,066,026.93 including the sale accrual. All credits sold were fixed rate. The loans were sold without recourse and en bloc, in accordance with and for the purposes of the combined provisions of Articles 1 and 4 of the Securitisation Law, with economic effect from the Valuation Date (02/21/2014) to Monviso 2013 Srl, a special purpose securitization company incorporated under the law 130/99 exclusively dedicated to the Transaction.

The securitized portfolio is made subject to monitoring on an ongoing basis, "servicing reports" are produced and sent quarterly to the rating agencies, the SPV and the Calculation and Paying Agent (Crédit Agricole Corporate and Investment Bank).

From a management perspective, the performance of the securitized loans presented no significant deviations from the analysis of performance used in the structuring phase and sent to rating agencies to perform simulations on cash flow and therefore for the award of AA + rating on the Senior stock.

Periodically, moreover, rating agencies monitor the performances on the entire loan portfolio below in order to:

- verify continuously that the rating given in the structuring phase of the operation proves to be valid until the close of the operation
- verify that the minimum standards of servicing are respected.

At 12/31/2014, the portfolio was made up of 46,725 accounts for an outstanding amount of € 186,267,127.68 euro. On the same date the delinquency over 90 days amounted to 0.63%, while the cumulative gross default amount was equal to zero also as a result of the possibility granted to the servicer (Consel SpA), based on article 12 of the Transfer Agreement , to repurchase the loans disposed of by a percentage not exceeding 10% of the initial portfolio: at 12/31/2014 the servicer had repurchased 26,047,000 euro of defaulted loans (equal to 4,64% of the initial portfolio).

At the payment date of 10/23/2014 the senior securities (Class A) have been fully repaid. At the reporting date (12/31/2014) the balance of senior notes was equal to zero, while that of junior notes amounted to Euro 215,643,292.

At July 22, 2014 the rating agency DBRS Ratings Limited ("DBRS") has revised and improved its rating of the Class A Bonds issued by Monviso Srl in 2013 from AA (sf) to AAA (sf).

The upgrade of the rating, as shown in the attached press release, was based on the following analytical considerations:

- portfolio performance, in terms of level of delinquencies and defaults, at the payment date April 23, 2014;
- the updating of assumptions regarding defaults, recoveries and losses on the remaining balance of the portfolio;
- the inclusion of a stress analysis on Italian sovereign debt to evaluate the impact of macroeconomic variables on the performance of the collateral;
- the current level of credit enhancement to cover expected losses on class A securities assumed to be consistent with the rating AAA (sf).

On 10/23/2014, following the full repayment of the senior securities (Class A), the monitoring of credit ratings by the two agencies has ceased.

Consel SpA securitization of monetary claims - 2014

During 2014, the company completed its second securitization, Monviso 2014.

The operation was effected in two stages briefly described below.

Phase 1

On 05.23.2014 there was signed with Consel SpA, registered office Via V. Bellini n. Torino 2, registered as No.. 948365 in the Registry of Companies of Turin, no. 32042 of the general list held by the Bank of Italy pursuant to art. 106 of Legislative Decree. 01/09/1993 n. 385 and n. 32494 special list kept by the Bank of Italy pursuant to Article 107 of the Banking Act, a framework contract on the purchase of credits *en bloc* under Law 130/99, namely consumer credit and personal loans identified on the basis of specific predetermined criteria.

The purchase of the portfolio took place with economic effect on 05.22.2014 (measurement date) and included:

(a) all components of capital and the Accrued Interest;
(b) all components of interest;
(c) all components expenses;
(d) all claims for default interest, fees for early repayment, costs, claims and damages.

Unlike what happened in the previous securitization, there was provided for a mechanism for the sale of receivables on a revolving basis (so-called revolving mechanism) under which the vehicle has the right (but not the obligation) to purchase additional credits from the Company for a period of twelve months from the date of starting the securitization using the proceeds from the repayment of credits already acquired. The portfolio of receivables purchased in the conclusion of the Transfer Agreement (the "Initial Loans") and portfolios of credits purchased later on the basis of the aforementioned revolving mechanism (the "Successive Credit") make up a single portfolio in defense of the interests the holders of the securities issued as part of securitization and all other creditors of the vehicle within the same securitization.

The payment of the sale price of the initial portfolio of Euro 369,830,833.53 was made on the date of issue of the securities using proceeds from its placement.

The contract of sale of the receivables provides that the Licensor may exert, even in several operations, the option to repurchase the portfolio.

Together with the conclusion of the contract of sale the seller, on the basis of a specific mandate conferred through a servicing contract, continued to administer the transferred portfolio by maintaining full and direct contact with customers.

Phase 2

The 2014 Vehicle Monviso Srl financed the payment of the purchase price of the receivables through the issuance, completed on 07.04.2014, of senior securities (class A) in the amount of Euro 240,000,000 and junior notes (Class J) for Euro 132,300,000.

In detail, with reference to the Class A notes (Senior Notes) there were issued n. 2,400 certificates with a nominal value of 100,000 euros each, called Class A Asset Backed Fixed Rate expiring 06/23/2027, ISIN Code: IT0005027393.

The securities, issued at par, will bear interest at a fixed rate of 1.40% per annum. The bonds were listed on the Luxembourg Stock Exchange. The Class A securities, at the time of their issuance, was assigned a rating of "AA + (sf)" (high quality - good judgment) by Fitch and a rating of "AA (H)" (high quality - good judgment) agency DBRS. The senior notes were placed with institutional investors on the market.

At the reporting date (12/31/2014) the balance of the notes amounted to Euro 240 million.

With reference to securities Class J (Junior Notes) there were issued n. 1,323 certificates with a nominal value of EUR 100,000 each, called Class B Asset Backed Fixed Rate Notes maturing April 23, 2030, ISIN Code: IT0005027609.

The securities do not have a credit rating and are not listed on any regulated market. The securities, issued at par, will bear interest at a fixed rate of 3% per annum plus an premium granted to subscribers of Class J equal to the collections available at each payment date, net of all expenses incurred in accordance with the contracts and by priority payments.

The Junior securities were underwritten by Consel SpA.

At the reporting date the balance of the notes amounted to Euro 132,300,000.

The securitized portfolio is made subject to monitoring on an ongoing basis: quarterly "servicing reports", "payment & investor reports" are produced and sent to the Rating Agencies, the SPV and the Calculation and Paying Agent (BNY Mellon - The Bank of New York Mellon (Luxembourg) SA Italian Branch).

From a management perspective, the performance of the securitized loans presents no significant deviations from the analysis of performance used in the structuring phase and sent to rating agencies to perform simulations on cash flow and therefore for the award of AA + rating on the Senior stock.

Periodically, moreover, rating agencies monitor the performances on the entire loan portfolio below in order to:

- verify continuously that the rating given in the structuring phase of the operation is valid until the close of the operation
- verify that the minimum standards of servicing are respected.

At 12/31/2014, the portfolio (including the first revolving sale) was composed of 119 ,337 accounts for outstanding amounts of € 354,639,652.81. On the same date the delinquency over 90 days amounted to 0.21%, while the cumulative gross default amount is equal to zero also as a result of the possibility granted to the servicer (Consel SpA), based on Article 13 of the Transfer Agreement , to repurchase the loans disposed of by a percentage not exceeding 12% of the initial portfolio: at 12/31/2014 to the servicer had repurchased 4,083,000 of Euros of loans defaulted (equal at 1.10% of the initial portfolio).

The transaction allowed the company to reduce the cost of debt and to contribute to the diversification of funding sources, the guideline of the business plan of the company.

Quantitative information

C.1 Banking Group - Exposure resulting from securitization transactions by quality of underlying assets

p.1

Quality of underlying assets / Exposures	Cash exposure					
	Senior		Mezzanine		Junior	
	Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure
A. With own underlying assets	**72,941**	**221,867**	**-**	**11,511**	**402,055**	**301,392**
a) Impaired	-	-	-	-	-	1,097
b) Other	72,941	221,867	-	11,511	402,055	300,295
B. With underlying assets of third parties	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

C.1 Banking Group - Exposure resulting from securitization transactions by quality of underlying assets

p.2

Quality of underlying assets / Exposures	Guarantees					
	Senior		Mezzanine		Junior	
	Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure
A. With own underlying assets	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-
B. With underlying assets of third parties	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

C.1 Banking Group - Exposure resulting from securitization transactions by quality of underlying assets

p.3

Quality of underlying assets / Exposures	Credit lines					
	Senior		Mezzanine		Junior	
	Gross exposure	Net Exposure	Gross exposure	Net Exposure	Gross exposure	Net Exposure
A. With own underlying assets	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-
B. With underlying assets of third parties	**-**	**-**	**-**	**-**	**-**	**-**
a) Impaired	-	-	-	-	-	-
b) Other	-	-	-	-	-	-

C.2 Exposures from the main "own" securitization operations broken down by type of securitized assets and by type of exposure

Type of securitized assets / Exhibitions	Cash exposure					
	Senior		Mezzanine		Junior	
	Book value	Impairment / write-backs	Book value	Impairment / write-backs	Book value	Impairment / write-backs
A. Fully derecognised	-	-	-	-	-	-
B. Partially derecognised	-	-	-	-	-	-
C. Not canceled from balance sheet						
C.1 Mars 2600 Srl						
- Performing Loans	221,867	-	11,510	-	71,200	-
C.2 Monviso 2013 Srl						
- Consumer credit	-	-	-	-	6,249	-
C.3 Monviso 2014 Srl						
- Consumer credit	-	-	-	-	223,942	-

p.2

C.2 Exposures from the main "own" securitization operations broken down by type of securitized assets and by type of exposure

Type of securitized assets / Exhibitions	Guarantees					
	Senior		Mezzanine		Junior	
	Book value	Impairment / write-backs	Book value	Impairment / write-backs	Book value	Impairment / write-backs
A. Fully derecognised	-	-	-	-	-	-
B. Partially derecognised	-	-	-	-	-	-
C. Not canceled from balance sheet						
C.1 Mars 2600 Srl						
- Performing Loans	-	-	-	-	-	-
C.2 Monviso 2013 Srl						
- Consumer credit	-	-	-	-	-	-
C.3 Monviso 2014 Srl						
- Consumer credit	-	-	-	-	-	-

p.3

C.2 Exposures from the main securitization "their" broken down by type of securitized assets and by type of exposure

Type of securitized assets / Exhibitions	Credit lines					
	Senior		Mezzanine		Junior	
	Book value	Impairment / write-backs	Book value	Impairment / write-backs	Book value	Impairment / write-backs
A. Fully derecognised	-	-	-	-	-	-
B. Partially derecognised	-	-	-	-	-	-
C. Not canceled from balance sheet						
C.1 Mars 2600 Srl						
- Performing Loans	-	-	-	-	-	-
C.2 Monviso 2013 Srl						
- Consumer credit	-	-	-	-	-	-
C.3 Monviso 2014 Srl						
- Consumer credit	-	-	-	-	-	-

C.5 Banking group - Total amount of securitized assets underlying junior securities or other forms of credit support

Asset / Value	Traditional securitization	Synthetic securitisations
A. Own underlying assets	**1,042,364**	**x**
A.1 Completely canceled	-	x
1. Non-performing loans	-	x
2. Substandard	-	x
3. Restructured	-	x
4. Overdue	-	x
5. Other activities	-	x
A.2 Partially canceled	-	x
1. Non-performing loans	-	x
2. Substandard	-	x
3. Restructured	-	x
4. Overdue	-	x
5. Other activities	-	x
A.3 Not canceled	1,042,364	-
1. Non-performing loans	1,020	-
2. Substandard	2,688	-
3. Restructured	157	-
4. Overdue	2,859	-
5. Other activities	1,035,640	-
B. Underlying assets of third parties	**-**	**-**
B.1 Non-performing loans	-	-
B.2 Substandard	-	-
B.3 Restructured	-	-
B.4 Past due	-	-
B.5 Other activities	-	-

C.6 purpose vehicle for the securitization

Denomination	Registered office	Consolidation	Activity			Passivity		
			Credits	Debt securities	Other	Senior	Mezzanine	Junior
Mars 2600 Srl	Treviso	YES	1,004,595	-	113,697	683,907	14,513	119,214
Monviso 2013 Srl	Milan	YES	187,423	-	34,972	-	-	222,034
Monviso 2014 Srl	Milan	YES	356,242	-	19,983	240,084	-	135,864

D. Disclosure of structured entities (other than companies for securitization)

At 31 December 2014 there are no other structured entities within the Group.

E. Disposal

The information referred to in this Part applies to all sales transactions (including securitizations).

A. A financial activities sold and not eliminated entirely

Qualitative information

"Financial assets sold and not eliminated entirely" refer to operations of repurchase agreements with the Cassa Compensazione e Garanzia and with underlying Italian government bonds.

Quantitative information

E.1 Banking Group - Financial assets sold and not canceled: book value and full value

p.1

Technical forms / Portfolio	Financial assets held for trading			Financial assets at fair value		
	A	B	C	A	B	C
A. Cash assets	**3,885**	**-**	**-**	**-**	**-**	**-**
1. Debt	3,885	-	-	-	-	-
2. Equities	-	-	-	-	-	-
3. UCI	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**			
Total 12/31/2014	**3,885**	**-**	**-**	**-**	**-**	**-**
of which impaired	-	-	-	-	-	-
Total 12/31/2013	**12,040**	**-**	**-**	**-**	**-**	**-**
of which impaired	-	-	-	-	-	-

A = transferred financial assets fully recognized (book value)
B = financial assets sold and partially recognized (book value)
C = financial assets partially recognized (full value)

E.1 Banking Group - Financial assets sold and not canceled: book value and full value

p.2

Technical forms / Portfolio	Financial assets available for sale			Financial assets held to maturity		
	A	B	C	A	B	C
A. Cash assets	**33,208**	**-**	**-**	**-**	**-**	**-**
1. Debt	33,208	-	-	-	-	-
2. Equities	-	-	-	x	x	x
3. UCI	-	-	-	x	x	x
4. Loans	-	-	-	-	-	-
B. Derivatives						
Total 12/31/2014	**33,208**	**-**	**-**	**-**	**-**	**-**
of which impaired	-	-	-	-	-	-
Total 12/31/2013	**33,069**	**-**	**-**	**5,408**	**-**	**-**
of which impaired	-	-	-	-	-	-

A = transferred financial assets fully recognized (book value)
B = financial assets sold and partially recognized (book value)
C = financial assets partially recognized (full value)

Following table

E.1 Banking Group - Financial assets sold and not canceled: book value and full value

p.3

Technical forms / Portfolio	Loans / Banks			Credits v / clients			Total	
	A	B	C	A	B	C	12/31/2014	12/31/2013
A. Cash assets	**-**	**-**	**-**	**1,042,364**	**-**	**-**	**1,113,237**	**464,360**
1. Debt	-	-	-	-	-	-	70,873	50,517
2. Equities	-	x	x	x	x	x	-	-
3. UCI	-	x	x	x	x	x	-	-
4. Loans	-	-	-	1,042,364	-	-	1,042,364	413,843
B. Derivatives	**-**	**x**	**x**	**x**	**x**	**x**	**-**	**-**
Total 12/31/2014	**-**	**-**	**-**	**1,042,364**	**-**	**-**	**1,113,237**	**x**
of which impaired	-	-	-	6,724	-	-	6,724	x
Total 12/31/2013	**-**	**-**	**-**	**413,843**	**-**	**-**	x	**464,360**
of which impaired	-	-	-	5,357	-	-	x	5,357

A = transferred financial assets fully recognized (book value)
B = financial assets sold and partially recognized (book value)
C = financial assets partially recognized (full value)

E.2 Banking Group - Financial liabilities for financial assets sold and not canceled: book value

Liabilities / Asset portfolio		Financial assets held for trading	Financial assets at fair value	Financial assets available for sale	Financial assets held to maturity	Loans to banks	Loans to clients	Total
1. Due to customers		**3,863**	**-**	**33,231**	**-**	**2,139**	**46,099**	**85,332**
a) for assets recognized in full		3,863	-	33,231	-	2,139	46,099	**85,332**
b) for partially recognized assets		-	-	-	-	-	-	**-**
2. Due to banks		**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) for assets recognized inf ull		-	-	-	-	-	-	**-**
b) for partially recognized assets		-	-	-	-	-	-	**-**
3. Outstanding securities		**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) for assets recognized in full		-	-	-	-	-	-	**-**
b) for partially recognized assets		-	-	-	-	-	-	**-**
Total	**12/31/2014**	**3,863**	**-**	**33,231**	**-**	**2,139**	**46,099**	**85,332**
Total	**12/31/2013**	**12,012**	**-**	**32,997**	**5,471**	**1,547**	**-**	**52,027**

E.3 sale transactions with liabilities having recourse only to the assets sold: fair value

p.1

Technical forms / Wallet	Financial assets held for trading		Financial assets at fair value		Financial assets available for sale		Financial assets held to maturity (fair value)
	A	B	A	B	A	B	A
A. Cash assets	**3,885**	**-**	**-**	**-**	**33,208**	**-**	**-**
1. Debt	3,885	-	-	-	33,208	-	-
2. Equities	-	-	-	-	-	-	
3. UCI	-	-	-	-	-	-	
4. Loans	-	-	-	-	-	-	-
B. Derivatives	**-**	**-**					
Total Assets	**3,885**	**-**	**-**	**-**	**33,208**	**-**	**-**
C. Liabilities	**3,863**	**-**	**-**	**-**	**33,231**	**-**	**-**
1. Due to customers	3,863	-	-	-	33,231	-	-
2. Due to banks	-	-	-	-	-	-	-
3. Outstanding securities	-	-	-	-	-	-	-
Total Liabilities	**3,863**	**-**	**-**	**-**	**33,231**	**-**	**-**
Net Value 12/31/2014	**22**	**-**	**-**	**-**	**(23)**	**-**	**-**
Net Value 12/31/2013	**28**	**-**	**-**	**-**	**72**	**-**	**(63)**

A = transferred financial assets fully recognized B = financial assets sold and partially recognized

Following table

E.3 sale transactions with liabilities having recourse only to the assets sold: fair value

p.2

Technical forms / Wallet	Financial assets held to maturity (fair value)	Due from banks (fair value)		Loans to customers (fair value)		Total	
	B	A	B	A	B	12/31/2014	12/31/2013
A. Cash assets	**-**	**-**	**-**	**-**	**-**	**70,873**	**51,621**
1. Debt	-	-	-	-	-	70,873	51,621
2. Equities	x	-	x	x	x	-	-
3. UCI	x	-	x	x	x	-	-
4. Loans	-	-	-	-	-	-	-
B. Derivatives	x	-	x	x	x	**-**	**-**
Total Assets	**-**	**-**	**-**	**-**	**-**	**70,873**	**51,621**
C. Liabilities	**-**	**2,139**	**-**	**-**	**-**	-	x
1. Due to customers	-	2,139	-	-	-	-	x
2. Due to banks	-	-	-	-	-	-	x
3. Outstanding securities	-	-	-	-	-	-	x
Total Liabilities	**-**	**2,139**	**-**	**-**	**-**	**39,233**	**52,026**
Net Value 12/31/2014	**-**	**(2,139)**	**-**	**-**	**-**	**(2,140)**	x
Net Value 12/31/2013	**-**	**(1,547)**	**-**	**-**	**-**	-	**(1,510)**

A = transferred financial assets fully recognized B = financial assets sold and partially recognized

B. Financial assets sold and canceled fully with detection of continuous involvement

The Group did not have, in 2014, this type of activity.

F. Banking Group - models for measuring credit risk

In the case of use of internal models for measuring portfolio exposure to credit risk, it is necessary, among other things, to indicate the comparison between the losses resulting from the model and the actual losses and to illustrate the results of any stress tests.

1.2 Banking group - Market risks

Market risk refers to unexpected changes in market factors such as interest rates, exchange rates and prices of securities which may result in an upward or downward change in the value of a position held in the trading portfolio (trading book) and in the investments resulting from business operations and strategic decisions (banking book).

The management and control of market risk (interest rate risk, price risk, currency risk) is sanctioned in Group regulations setting out the rules by which the individual Group companies can be exposed to these risks.

The entity in which the market risks of the Banca Sella Group are concentrated is the parent company Banca Sella Holding, in which the finance activities are carried out.

1.2.1 - Risk of interest rate risk and price risk - trading portfolio supervision

For the compilation of this section we consider only the financial instruments (assets and liabilities) covered by the "trading book for supervisory purposes", as defined in the rules governing regulatory reporting on market risk (see. Circular no. 286 of 17 December 2013 issued by the Bank of Italy). Accordingly, there are not included any operations in the budget allocated to the trading portfolio (eg, loans or derivatives separated from assets or liabilities measured at amortized cost, securities issued), but not covered in the aforementioned definition of supervision. These transactions are included in on the "banking book".

Qualitative information

A. General aspects

Interest rate risk arises from the possibility that a swing in interest rates may have a negative effect on the value of the regulatory trading portfolio generated by the financial positions taken by the Banca Sella Group within the assigned limits and the autonomies.

The price risk of the trading portfolio originated mainly from trading on own account in debt securities, and mutual funds.

The trading portfolio of the Bank comprises the assets held on own account in financial instruments. Most of these instruments are traded on regulated markets (mainly fixed income and variable bonds). Interest rate risk and price risk arising from them are often mitigated by resorting to interest rate derivatives traded on regulated markets.

The objectives and strategies underlying trading activity put in place on own securities portfolio aim to limit the risks and maximize the profitability of the portfolio in small and prudential field of action adopted by the Group regulations on the subject.

The parent company Banca Sella Holding is also the intermediary in the market for trading account thirds of the business of Gruppo Banca Sella.

Together with the drafting of the ICAAP (analysis of capital adequacy in accordance with Pillar II of Basel 2), and then at least on an annual basis, the parent company conducts stress tests on the trading portfolio for supervisory purposes. The procedures of stress tests consist of sensitivity analysis of the internal capital market risk upon the realization of specific adverse events, extreme but plausible (such as, for example, a deterioration in the creditworthiness of the issuers of securities in the portfolio).

B. Management processes and methods for measuring interest rate risk and price risk

The Finance area of the parent company has the "mission" to manage market risk and coordinate the activities of finance of Gruppo Banca Sella (management of property portfolios, treasury management and minority interest), it also carries out specialized activities carried out in within the parent company (proprietary trading).

The Risk Management of the Parent Company is in charge of monitoring methodologies of market risk of the companies of the Group itself, as well as giving advice and being proactive in defining the methodological guidelines for the creation of models for measurement and control of Group risks.

For prudential purposes for measuring the interest rate risk and price inherent in the trading supervisory Gruppo Banca Sella, the "standardized" method defined in the Circular of the Bank of Italy n. 285/2013 and subsequent updates is used. It follows that the capital requirement against market risk is the sum of the capital requirements for the individual risks that make up market risk on the basis of the so-called building-block approach.

Quantitative information

1. Trading book for supervisory purposes: distribution by residual duration (repricing date) of assets and liabilities for cash and financial derivatives

As allowed by the 3rd update of 22 December 2014 Circ. 262/2005, this table has not been prepared as in the notes there is an analysis of sensitivity to interest rate risk based on internal models or other methodologies, as subsequently reported.

2. Trading book for supervisory purposes: distribution of exposures in equity securities and equity indices for the main countries in the listing market

As allowed by the 3rd update of 22 December 2014 Circ. 262/2005, this table has not been prepared as in the notes there is an analysis of sensitivity to interest rate risk based on internal models or other methodologies, as subsequently reported.

3. Trading portfolio for supervisory purposes - internal models and other methods for sensitivity analysis

For management purposes, the market risk of the trading portfolio is measured and monitored based on the analysis of VaR (value at risk) calculated mainly according to the historical simulation approach. The VaR measures the maximum potential loss that, with a given confidence interval, can occur by holding its portfolio positions unchanged for a certain period of time. The historical simulation involves daily revaluation of positions on the basis of market prices over an appropriate observation period. The empirical distribution of profits / losses deriving therefrom is analyzed to determine the effect of extreme market movements on the portfolios. The distribution value at the percentile corresponds to the fixed confidence interval represents the VaR measurement.

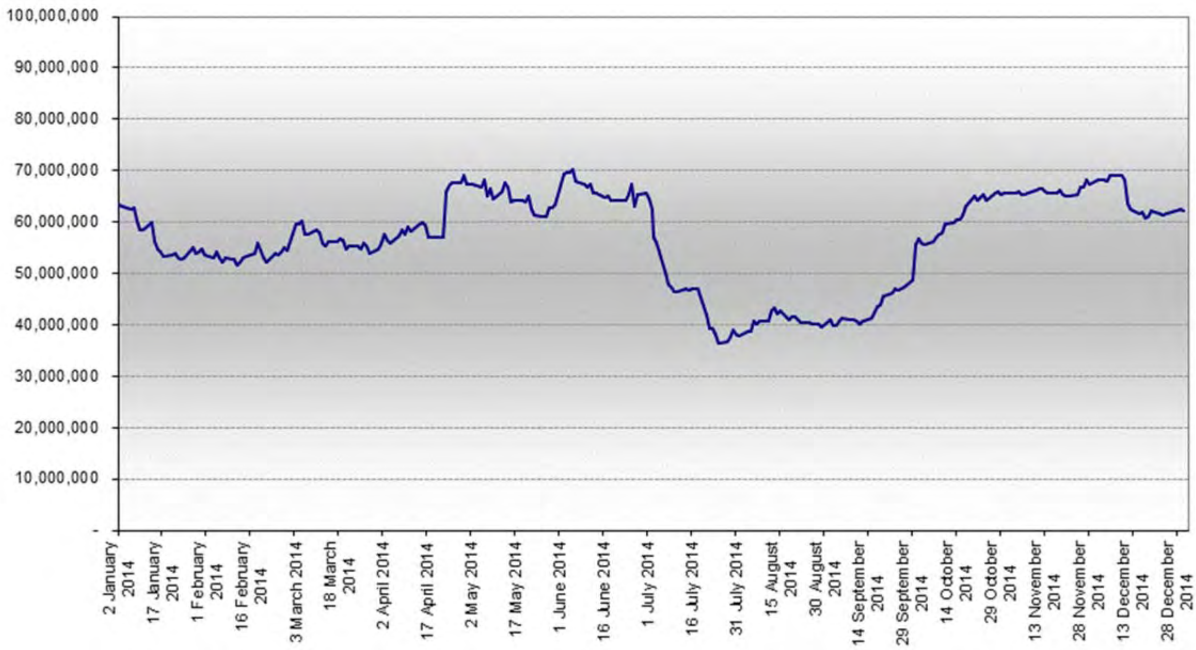
The Risk Management Group carries out checks on the performance of VaR (horizon: 10 days and 3 months and confidence margin: 99%) of the investment portfolios of the Group companies Banca Sella and performs analysis of sensitivity factors such as duration portfolio, effects of shock instantaneous rate and ultimately verifying the operational limits in investing in securities.

The average duration of the trading portfolio amounted to 1.45 years while sensitivity, estimated on a parallel movement of +100 basis points in the interest rate curve is approximately 20.13 million euro (about 1.45 % of the portfolio).

The evolution of the VaR of the Banca Sella (99% confidence interval, time horizon 3 months, historical method) is shown in the chart below. The values have always remained within prudential limits approved by the parent company.

Banca Sella Group - Trading Book[1]

Market Risk VaR (horizon 3 months - 99% confidence interval)



The Risk Management also performs checks on the operations of trading in own account.

Analysis of VaR (horizon 10 days, 99% confidence interval) of trading of Banca Sella Holding is shown in the following table:

[1] Reference is made to components Held For Trading (HFT) and the Available For Sale (HFT) of the portfolio of securities owned.

VaR Breakdown - Banca Sella Holding at 12.31.2014

Trading Book - Finance Area

Time Horizon 10 days, confidence interval 99%

Data at		**12-31-14**			**06-30-14**		
		Average VaR	Minimum VaR	Maximum VaR	Average VaR	Minimum VaR	Maximum VaR
Type of risk							
Fixed Income	€	757,254	177,135	2,057,818	943,173	331,172	2,057,818
Foreign Exchange	€	2,863	284	179,805	1,584	284	3,461
Equities	€	-	-	-	-	-	-
Equity Derivatives	€	78,640	-	264,530	65,860	11,226	174,371
Derivatives OTC	€	858	858	858	858	858	858
Treasury	€	7,008	1,477	17,505	9,207	3,315	17,505
Total VaR(b)	€	**846,624**	**179,754**	**2,520,517**	**1,020,682**	**346,855**	**2,254,014**

(b) The Value-at-Risk is calculated as the total sum of the individual VaR by type of risk

1.2.2 - Risk of interest rate risk and price risk - Banking

The banking portfolio consists of all financial assets and liabilities, not included in the trading book referred to in Section 2.1.

Qualitative information

A. General aspects, management procedures and methods for measuring interest rate risk and price risk

The main sources of interest rate risk in the banking book that are generated can be reduced to:

- timing mismatches in maturities (risk related to exposure of the positions to changes in the slope and shape of the yield curve);
- mismatch arising from imperfect correlation in changes in lending and deposit rates on different instruments (so-called risk indexing).

The interest rate risk is mainly generated by the operations of deposits and loans to customers, fixed-rate securities in the banking book and interbank deposits (assets and liabilities), as well as derivative instruments in place to mitigate exposure to Fair value interest rate risk they generate. The Group's policy is a high coverage of the postings and the strategic choices and management are designed to minimize the volatility of the total economic value to changes in the interest rate structure.

Gruppo Banca Sella conducts stress tests to measure and control the risk of interest rate on the banking book at least annually, during the preparation of the Report ICAAP. The variables used for stress testing may be inferred from external evaluations (eg. forecasts provided by ABI) or processed internally with service support Financial Analysis of the Group. The stress tests may analyze situations of parallel and immediate shock on the yield curve, of a different impact than the 200 basis points and situations of shocks non-parallel to the structure of at the end of the interest rates.

B. Activities of a fair value hedge

The strategies of hedging transactions are aimed mainly to mitigate the exposure to interest rate risk implicit in the financial instruments that derive mainly from forms of lending (general hedging, such as those on mortgages, consumer credit and rental payments of leases) or bonds issued by Gruppo Banca Sella and in the banking book (hedging).

The exposure to interest rate risk implicit in the forms of lending is covered by derivatives like interest rate swaps amortizing and cap options, based on the amount of the mortgage portfolio and paid on the basis of the average maturities of the portfolio itself. Other interest rate swaps were entered into subsequent to the issuance of bonds at a fixed rate. Further hedging is carried out with the aim to mitigate the interest rate risk or currency risk of derivatives of simple constitution such as domestic currency swaps, currency options, overnight interest swaps traded by customers of the Group banks.

The Parent Company generally adopts the methods and techniques based on the Black-Scholes model, Monte Carlo model and Net Present Value model using certain parameters, which vary according to the financial instrument that one wants to evaluate. These parameters, validated by the Risk Management of the Parent Company, are chosen and set for this calculation software app when requesting evaluation of a new derivative. At each frequency of calculation of the fair value of the financial instrument, these parameters are rechecked and updated both by that calculated and by the Group Risk Management.

C. Activities of a cash flow hedging

Because of the substantial balance of the structures of liabilities and assets, hedging is not carried out for interest rate risk from cash flow generated by floating rate positions.

Quantitative information

1. Banking portfolio: distribution by residual duration (repricing date) of the assets and financial liabilities

As allowed by the 3rd update of 22 December 2014 Circ. 262/2005, this table has not been prepared as in the notes there is an analysis of sensitivity to interest rate risk based on internal models or other methodologies, as subsequently reported.

2. Banking portfolio: internal models and other methods for sensitivity analysis

The internal processes of management and control of the risk of interest rate are based on an organizational structure, according to which data can be examined at the operational level and critically assessed by the Group ALM Committee on a monthly basis. This Committee also provides appropriate indications for the lines of operation. For management purposes, there has been provided in-house - in addition to the limit of the indicator of risk defined by the regulations of 20% - more prudential attention to limits beyond which the evaluation of operational strategies aimed at lowering exposure.

Interest rate risk is measured through the use of proprietary models for the treatment of foreign liabilities by undefined contractual maturity (sight). For all other assets and liabilities there are used the rules defined in the Circular of the Bank of Italy n. 285/2013, and subsequent updates. The control is carried out taking into account the totality of the positions taken on and off the balance sheet, limited to interest-earning assets and interest-bearing liabilities.

For the calculation of internal capital parallel shifts have been estimated in the yield curve, respectively +200 basis points (upward scenario) and -5 basis points (downward scenario compatible with the constraints of non-negativity of the rates).

At 12.31.2014 The data related to the sensitivity analysis shows a low risk on the banking book (see the table below as a percentage of the total impact and economic value).

Shift	Sensitivity Total	Regulatory equity	% Sensitivity
+200 Bps / -5 bps	0.65	938.4	6.93%

In millions of euro

The price risk of the portfolio is mainly attributable to the investments held by the Parent Company and Banca Sella & Heritage C. with a stable investment. These positions are taken directly on the basis of the provisions of the Board of Directors and the operational management of the parent company by the Finance and Treasury of Banca Sella Heritage & C .

1.2.3 - Currency risk

Falling within the scope of this risk profile are all assets and liabilities (on balance sheet and "off balance sheet") in foreign currency, including transactions in euro indexed to the exchange rate of currencies. There are treated as currency reports also operations on gold.

Qualitative information

A. General aspects, management processes and methods of measuring the risk of exchange rate

The operations relative to the currencies is mainly in the Finance area of the Parent company, whose Treasury unit conducts transactions of interbank loans and deposits in foreign currency, and manages the exchange rate risk associated with imbalances in foreign exchange rates. Currency risk is monitored through the application of the "standardized" methodology defined in the Circular of the Bank of Italy n. 285/2013. On 12.31.2014 the net open position in foreign exchange of Heritage Bank Sella & C. was higher than the regulatory limit of 2% of own funds, thus generating capital requirement for exchange rate risk amounting to 292,000 euro. Such exposure is generated mainly by foreign currency securities in the portfolio of the Bank.

The unit's Risk Management Group monitors the exposure values to currency risk and reports them to the Group ALM Committee. This body, making use of the Treasury of the Parent Company evaluates any coverage actions in case there are exposures to currencies considered too high.

B. Hedging activities of the currency risk

Banca Sella Holding has over the years gradually reduced its market making activities on the foreign exchange market. In the year the operations carried out were mainly attributable to hedging the exchange risk for banks and companies in the Group.

Specific hedges instead were entered into, with third parties, with the aim of eliminating or mitigating the risk of derivatives of simple constitution such as domestic currency swaps, currency options and forward contracts traded by customers with the Bank.

Quantitative information

1. Distribution of assets and liabilities and derivatives

Voices	Currencies					
	USD	CHF	AUD	GBP	JPY	OTHER CURRENCIES
A. Financial assets	**21,071**	**33,918**	**6,558**	**3,705**	**888**	**8,578**
A.1 Debt	1,068			1,187		499
A.2 Equity securities	187			1		
A.3 Loans to banks	2,119	3,166	394	1,359	262	6,019
A.4 Loans to customers	17,697	8,971	6,164	1,158	626	2,060
A.5 Other financial assets		21,781				
B. Other activities	**1,927**	**1,013**	**169**	**905**	**109**	**2,735**
C. Financial liabilities	**152,582**	**22,881**	**6,145**	**4,628**	**2,161**	**4,391**
C.1 Due to banks	1,078	114	211	5	1,621	442
C.2 Due to customers	151504	22,767	5,934	4,623	540	3,949
C.3 Debt						
C.4 Other financial liabilities						
D. Other liabilities	**267**		**-**	**5**		**654**
E. Financial derivatives	**132,315**	**(11,371)**	**(669)**	**1,303**	**1,155**	**(345)**
- Options						
+ Long positions	47,882	1,674	2,475	1,901	7,847	490
+ Short positions	47,925	1,693	2,451	1,905	7,855	485
- Other derivatives						
+ Long positions	253,227	8,529	24085	27642	5,146	6,439
+ Short positions	120,869	19,881	24,778	26335	3,983	6,789
Total Assets	**324,107**	**45,134**	**33,287**	**34153**	**13,990**	**18,242**
Total Liabilities	**321,643**	**44,455**	**33,374**	**32,873**	**13,999**	**12,319**
Imbalance (+/-)	**2,464**	**679**	**(87)**	**1,280**	**(9)**	**5,923**

2. Internal models and other methods for sensitivity analysis

With regard to currency risk, the Bank does not perform sensitivity analysis, the reader is referred to the explanations above.

1.2.4 - Derivatives

The following tables fall within the financial and credit derivatives traded on an autonomous (ie stand-alone) basis and the embedded derivatives in structured instruments. As regards the latter, exception is made by those embedded in structured products classified in the regulatory trading portfolio treated for prudential purposes based on a series of positions of sensitivity to relevant risk factors.

A. Financial derivatives

A.1 Regulatory Trading book: notional values at end of period and average

Underlying assets / Type of derivatives	Total 12/31/2014		Total 12/31/2013	
	Over the counter	Central Counterparties	Over the counter	Central Counterparties
1. Debt securities and interest rates	**505,975**	**-**	**898,236**	**49,300**
a) Options	37,404	-	81,334	-
b) Swap	427,149	-	816,902	-
c) Forward	-	-	-	-
d) Futures	41,422	-	-	49,300
and other	-	-	-	-
2. Equity instruments and stock indexes	**54**	**4,235**	**-**	**6,246**
a) Options	54	2,835	-	2,835
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	1,400	-	3,411
and other	-	-	-	-
3. Currency and gold	**676,969**	**-**	**478,081**	**-**
a) Options	294,893	-	198,121	-
b) Swap	104,224	-	65,692	-
c) Forward	277,852	-	214,268	-
d) Futures	-	-	-	-
and other	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying	**-**	**-**	**-**	**-**
Total	**1,182,998**	**4,235**	**1,376,317**	**55,546**
Average values	**1,280,604**	**29,891**	**1,582,377**	**45,741**

A.2 Banking portfolio: notional values at end of period and average

A.2.1 Hedging

Underlying assets / Type of derivatives	Total 12/31/2014		Total 12/31/2013	
	Over the counter	Central Counterparties	Over the counter	Central Counterparties
1. Debt securities and interest rates	**1,120,692**	**-**	**1,332,080**	**-**
a) Options	-	-	-	-
b) Swap	1,120,692	-	1,332,080	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2.Titoli of equity indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Currency and gold	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying	**-**	**-**	**-**	**-**
Total	**1,120,692**	**-**	**1,332,080**	**-**
Average values	**1,226,386**	**-**	**1,615,505**	**-**

A.2.2 Other derivatives

Underlying assets / Type of derivatives	Total 12/31/2014		Total 12/31/2013	
	Over the counter	Central Counterparties	Over the counter	Central Counterparties
1. Debt securities and interest rates	**3,269,538**	**-**	**3,214,985**	**-**
a) Options	3,269,538	-	3,214,985	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity instruments and stock indexes	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Currency and gold	**10,014**	**-**	**25,436**	**-**
a) Options	10,014	-	25,436	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**
5. Other underlying	**-**	**-**	**-**	**-**
Total	**3,279,552**	**-**	**3,240,421**	**-**
Average values	**3,262,333**	**-**	**3,652,059**	**-**

A.3 Financial derivatives: gross positive fair value - breakdown by product

Portfolio / Type of derivatives	Positive fair value			
	Total 12/31/2014		Total 12/31/2013	
	Over the counter	Central Counterparties	Over the counter	Central Counterparties
A. Trading Surveillance	**19,322**	**21**	**12,211**	**33**
a) Options	4,710	21	2,949	33
b) Interest rate swap	9,501	-	7,677	-
c) Cross currency swap	-	-	-	-
d) Equity Swap	-	-	-	-
e) Forward	3,938	-	823	-
f) Futures	-	-	-	-
g) Other	1,173	-	757	-
B. Banking portfolio - hedging	**14,749**	**-**	**16,937**	**-**
a) Options	-	-	-	-
b) Interest rate swap	14,749	-	16,937	-
c) Cross currency swap	-	-	-	-
d) Equity Swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Banking book - other derivatives	**4,026**	**-**	**11,065**	**-**
a) Options	4,026	-	11,065	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity Swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**38,097**	**21**	**40,213**	**33**

A.4 Financial derivatives: gross negative fair value - breakdown by product

Portfolio / Type of derivatives	Negative fair value			
	Total 12/31/2014		Total 12/31/2013	
	Over the counter	Central Counterparties	Over the counter	Central Counterparties
A. Trading Surveillance	**18,847**	**-**	**12,797**	**-**
a) Options	4,722	-	2,843	-
b) Interest rate swap	9,866	-	7,600	-
c) Cross currency swap	34	-	-	-
d) Equity Swap	-	-	-	-
e) Forward	3,024	-	1,729	-
f) Futures	-	-	-	-
g) Other	1,201	-	525	-
B. Banking portfolio - hedging	**154,020**	**-**	**114,608**	**-**
a) Options	-	-	-	-
b) Interest rate swap	154,020	-	114,608	-
c) Cross currency swap	-	-	-	-
d) Equity Swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Banking book - other derivatives	**4,385**	**-**	**13,142**	**-**
a) Options	4,385	-	13,142	-
b) Interest rate swap	-	-	-	-
c) Cross currency swap	-	-	-	-
d) Equity Swap	-	-	-	-
e) Forward	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**177,252**	**-**	**140,547**	**-**

A.5 OTC financial derivatives - Regulatory trading portfolio: notional values, gross positive and negative fair value by counterparty - contracts not included in netting agreements

Contracts not covered by netting agreements	Governments and central banks	Other public bodies	Banks	Finance companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rates							
- Notional amount	-	-	31,200	187,365	-	113,584	4,980
- Positive fair value	-	-	-	3,646	-	5,741	162
- Negative fair value	-	-	-	-	-	94	16
- Future exposure	-	-	-	55	-	562	12
2. Equity instruments and stock indexes							
- Notional amount	-	-	-	29	-	24	-
- Positive fair value	-	-	-	29	-	24	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	57	-	29	-
3. Currency and gold							
- Notional amount	18,488	-	3,343	14,966	-	239,560	44,735
- Positive fair value	487	-	674	296	-	2,473	789
- Negative fair value	-	-	570	18	-	5,734	580
- Future exposure	180	-	356	146	-	6,252	1,217
4. Other values							
- Notional amount	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	-	-

A.6 OTC financial derivatives - Regulatory trading portfolio: notional values, gross positive and negative fair value by counterparty - contracts included under netting arrangements

Contracts included in netting agreements	Governments and central banks	Other public bodies	Banks	Finance companies	Insurance companies	Non-insurance companies	Other entities
1. Debt securities and interest rates							
- Notional amount	-	-	145,173	23,674	-	-	-
- Positive fair value	-	-	204	23	-	-	-
- Negative fair value	-	-	6,926	3,120	-	-	-
2. Equity instruments and stock indexes							
- Notional amount	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
3. Currency and gold							
- Notional amount	-	-	343,523	12,355	-	-	-
- Positive fair value	-	-	4,778	47	-	-	-
- Negative fair value	-	-	1,790	-	-	-	-
4. Other values							
- Notional amount	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-

A.7 OTC financial derivatives - banking book: notional values, gross positive and negative fair value by counterparty - contracts not included in netting agreements

Contracts not covered by netting agreements	Governments and central banks	Other public bodies	Banks	Finance companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rates							
- Notional amount	-	72	-	6,835	-	1,099,589	1,764,364
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	1	-	-	74	4,308
- Future exposure	-	-	-	49	-	8,067	15,043
2. Equity instruments and stock indexes							
- Notional amount	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	-	-
3. Currency and gold							
- Notional amount	-	-	-	-	-	2,485	7,319
- Positive fair value	-	-	-	-	-	40	27
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	185	525
4. Other values							
- Notional amount	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	-	-

A.8 OTC financial derivatives - banking book: notional values, gross positive and negative fair value by counterparty - contracts included under netting arrangements

Contracts included in netting agreements	Governments and central banks	Other public bodies	Banks	Finance companies	Insurance companies	Non-financial companies	Other entities
1. Debt securities and interest rates							
- Notional amount	-	-	1,519,370	-	-	-	-
- Positive fair value	-	-	18,708	-	-	-	-
- Negative fair value	-	-	1	154,020	-	-	-
2. Equity instruments and stock indexes							
- Notional amount	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
3. Currency and gold							
- Notional amount	-	-	210	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
4. Other values							
- Notional amount	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-

A.9 Residual life of OTC financial derivatives: notional values

Underlying / Residual life	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total

A. Trading Surveillance		**971,909**	**117,103**	**93,988**	**1,183,000**
A.1 Financial derivatives on debt securities and interest rates		305,366	106,623	93,988	505,977
A.2 Financial derivatives on equities and equity indices		-	54	-	54
A.3 Financial derivatives on exchange rates and gold		666,543	10,426	-	676,969
A.4 Financial derivatives other values		-	-	-	-
B. Banking		**395,031**	**951,441**	**3,053,771**	**4,400,243**
B.1 Financial derivatives on debt securities and interest rates		385,017	951,441	3,053,771	4,390,229
B.2 Financial derivatives on equity securities and stock indexes		-	-	-	-
B.3 Financial derivatives on exchange rates and gold		10,014	-	-	10,014
B.4 Financial derivatives on other values		-	-	-	-
Total	**12/31/2014**	**1,366,940**	**1,068,544**	**3,147,759**	**5,583,243**
Total	**12/31/2013**	**1,551,453**	**1,158,414**	**3,238,951**	**5,948,818**

B. Credit derivatives

AT 31 December 2014 and during the year the Bank has not had this type of transaction.

C. Financial and credit derivatives

C.1 Financial derivatives and credit derivatives: net fair values and future exposure by counterparty

	Governments and central banks	Other public bodies	Banks	Finance companies	Insurance companies	Non-financial companies	Other subjects
1) Bilateral Financial Derivatives	**-**	**-**	**57,917**	**3,523**	**-**	**-**	**-**
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	8,521	3,097	-	-	-
- Future exposure	-	-	24,698	213	-	-	-
- Net counterparty risk	-	-	24,698	213	-	-	-
2) Bilateral credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	-	-
- Net counterparty risk	-	-	-	-	-	-	-
3) Agreements "Cross product"	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- Future exposure	-	-	-	-	-	-	-
- Net counterparty risk	-	-	-	-	-	-	-

1.3 Liquidity risk

Qualitative information

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

Liquidity risk is manifested as the risk resulting from the inability to meet one's payment obligations, which can be caused by an inability to raise funds *(*funding liquidity risk*)* or the presence of restrictions to sell assets *(*market liquidity risk*).*

Monitoring and management of liquidity for the Banca Sella Group are formalized in the Group's Liquidity Policy, which contains both the guidelines for the management of liquidity risk and the strategies to be taken in critical moments. These strategies are part of the emergency plan called Contingency Liquidity Plan.

The governance model established for the management and control of liquidity risk of the Banca Sella Group is based on the following principles:

- compliance processes and methods for managing and monitoring the liquidity risk with a signs of prudential supervision;
- shared decision-making and clarity on the responsibilities of governing, control and operating bodies.

The monitoring of the liquidity of the Group follows the directives issued by Circular 285/2013 (Part II, Chapter 11) and subsequent updates. This legislation, in addition to the rationalization of national laws previously in force (mainly Circular 263/2006), aims to implement and integrate the principles of the Regulation (EU) No. 575/2013 (CRR) and those covered by the Basel Committee (Basel III: *International framework for liquidity risk measurement, standards and monitoring*") which will apply from 1 January 2015.

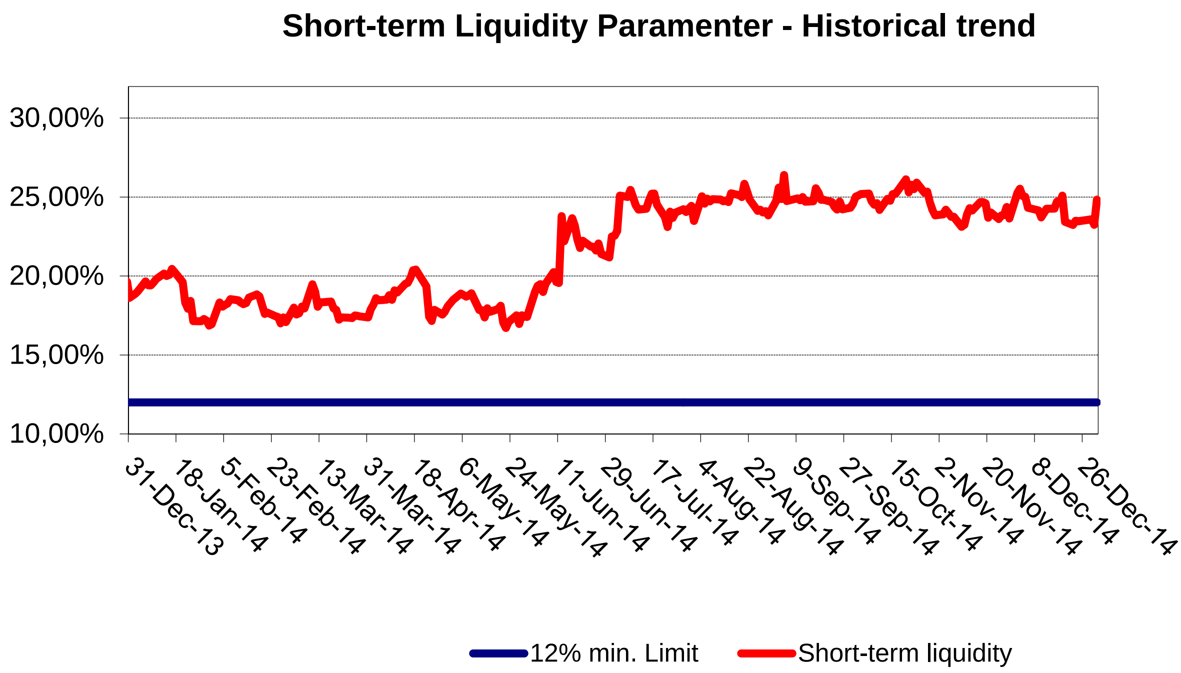
The management of liquidity is entrusted to the Finance Department of Banca Sella Holding, which with the support of the Group ALM Committee promptly intervenes with corrective action if and when the need occurs. The second level controls related to liquidity risk are made by the Risk Management of the Parent Company.

The Liquidity Policy Group provides, alongside the traditional survey indicator of short-term liquidity, the continuous monitoring of a broad set of indicators focused on the progress of systemic and specific liquidity situation in the short and medium-long term.

The table below shows the trend of short-term liquidity relative to Banca Sella Group, giving information about the ability to meet its commitments both to ordinary customers and against the banks in case of a sudden liquidity tension. The lower limit of this indicator is conservatively set equal to 12%. The actual level of the indicator during the year was still above this threshold showing how the liquidity reserves are sufficient to meet the commitments laid down in stress conditions.

This indicator, of a management type, is calculated on a daily basis by the Risk Management of the Parent Company.

Short-term liquidity performance indicator of the Group Banca Sella



To supplement the information provided by the indicators of liquidity, the Risk Management of Banca Sella Holding and Finance Department of the Banca Sella Group are tasked to perform stress tests on the basis of the Group's liquidity.

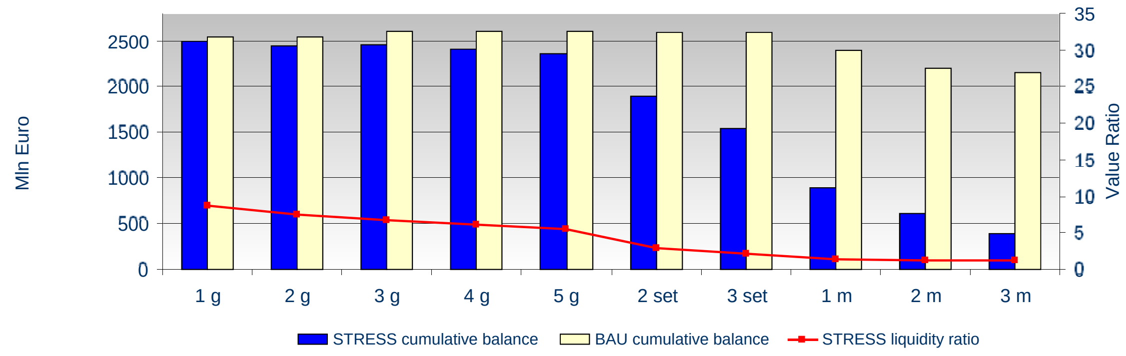
The methodology underlying the stress analysis consists in assessing, through the use of the Maturity Ladder[1] , the ability of resistance to the liquidity crisis (measured in days), of the whole Banca Sella Group at the occurrence of a systemic-specific crisis situation. The capacity for resistance is calculated under the assumption that the business structure and the balance sheet of the Group do not change. The stress scenarios used refer to those set by Basel III, integrated with internal assumptions in order to make the analysis more representative of the operations of the Bank.

The Maturity Ladder is constructed by the mapping in time bands (horizon up to 3 months) of cash flows, certain and hypothesized, in conjunction with items considered as "potential reserves" of liquidity. The tool allows one to appreciate in different operational scenarios *(business as usual* and *stress scenario)* the net financial position of liquidity in different time buckets.

The stress test has always shown for the group cash or highly liquid assets adequate to deal with any crisis of systemic or specific origin.

[1] MaturityLadder means the projection of net debt over time

***Stress Scenario*: Projection of cumulative net financial position and liquidity ratios (Stress test at December 31, 2014)**



The scenario analyses provided by Banca Sella Group are structured under different stress scenarios, in accordance with the provisions of Circular 285/2013 of the Bank of Italy (New Minimum Capital Requirements for Banks, Title III, Chapter 1) and subsequent updates and consider the occurrence of events of certain items in the various segments that make up the maturity ladder.

The two hypotheses, linked to several frequencies of occurrence and severity, are:

- Acute tension at the level of individual banks, who need extraordinary countermeasures, often linked to interventions outside the bank itself;
- systemic crisis, which affects the whole market.

According to Basel 3, the Group monitors the performance indicators LCR (liquidity coverage ratio) and NSFR (net stable funding ratio), refining and adapting constantly to the rules of calculation as shown in the current legislation. The two indicators stood at the end of 2014 at levels far higher than currently provided for in Basel 3.

Quantitative information

1. Breakdown by contractual residual maturity of financial assets and liabilities

Currency: EURO

Items / Time periods	On sight	Since more than one day to 7 days	From 7 days to 15 days	For more than 15 days to 1 month	For over one month until 3 months	For over three months up to 6 months	For over six months up to one year	From over 1 year up to 5 years	Over 5 years	Indefinite duration
Cash assets	**1,009,479**	**143,456**	**129,055**	**200,478**	**1,031,041**	**732,113**	**1,283,898**	**4,701,168**	**2,531,926**	**935,535**
A.1 Government securities	165	438	330	2,829	243,154	53,725	196,974	1,397,906	237,755	-
A.2 Other debt	536	46	20,987	41,712	71,339	114,321	289,506	519,318	29,955	600
A.3 Mutual Funds	32,657	-	-	-	-	-	-	-	-	-
A.4 Loans	976,121	142,972	107,738	155,937	716,548	564,067	797,418	2,783,944	2,264,216	934,935
- Banks	93,324	510	-	-	5,174	-	98,380	-	-	934,933
- Customers	882,797	142,462	107,738	155,937	711,374	564,067	699,038	2,783,944	2,264,216	2
Cash liabilities	**7,904,457**	**23,090**	**80,816**	**393,870**	**658,535**	**434,719**	**591,307**	**1,618,203**	**335,870**	**-**
B.1 Deposits and current accounts	7,752,162	16,495	24,471	53,665	157,156	137,712	169,740	227,482	1,221	-
- Banks	102,799	-	-	7,500	-	-	-	21,338	-	-
- Customers	7,649,363	16,495	24,471	46,165	157,156	137,712	169,740	206,144	1,221	-
B.2 Debt	76,818	4,901	43,845	65,544	136,208	253,481	408,665	963,157	218,380	-
B.3 Other liabilities	75,477	1,694	12,500	274,661	365,171	43,526	12,902	427,564	116,269	-
"Off balance sheet"										
C.1 Financial derivatives with exchange of capital										
- Long positions	3	129,103	3,881	33,618	36,255	32,718	31,836	55,368	31,927	-
- Short positions	-	179,954	57,620	51,985	53,021	29,725	26,000	51,970	40,029	-
C.2 Financial derivatives without exchange of capital										
- Long positions	28,007	-	-	-	-	-	-	-	-	-
- Short positions	164,246	-	-	-	-	572	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	150,393	733	307	537	851	28,021	2,648	41,211	71,891	6,566
- Short positions	189,120	2,427	-	-	41,211	15,550	56,342	-	-	-
C.5 Financial guarantees issued	5	-	-	-	-	10	2	26	37	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

GRUPPO BANCA SELLA

1. Breakdown by contractual residual maturity of financial assets and liabilities

Currency: US DOLLARO

Items / Time periods	on sight	Since more than one day to 7 days	From 7 days to 15 days	For more than 15 days to 1 month	For over one month until 3 months	For over three months up to 6 months	For over six months up to one year	For over 1 year up to 5 years	Other 5 years	Indeterminate duration
Cash assets	**9,557**	**1,347**	**1,320**	**2,990**	**3,315**	**2,059**	**30**	**1,267**	**425**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt	1,441	-	-	8	4	44	30	526	425	-
A.3 Mutual Funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	8,116	1,347	1,320	2,982	3,311	2,015	-	741	-	-
- Banks	2,120	-	-	-	-	-	-	-	-	-
- Customers	5,996	1,347	1,320	2,982	3,311	2,015	-	741	-	-
Cash liabilities	**97,911**	**780**	**292**	**551**	**15,074**	**23,837**	**13,895**	**-**	**-**	**-**
B.1 Deposits and current accounts	96,885	780	292	551	15,074	23,837	13,895	-	-	-
- Banks	1,109	-	-	-	-	-	-	-	-	-
- Customers	95,776	780	292	551	15,074	23,837	13,895	-	-	-
B.2 Debt	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	1,026	-	-	-	-	-	-	-	-	-
"Off balance sheet"										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	58,883	88,899	55,772	31,607	19,302	11,492	2,138	-	-
- Short positions	-	29,154	4,695	37,729	32,646	20,320	18,536	2,129	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	1,077	-	-	-	-	-	-	-	-	-
- Short positions	1,153	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	122	-	-	-	-	-	-	-	-
- Short positions	-	122	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1. Breakdown by contractual residual maturity of financial assets and liabilities

Currency: SWISS FRANC

Items / time periods	On sight	Since more than one day to 7 days	From 7 days to 15 days	For more than 15 days to 1 month	For over one month until 3 months	For over three months up to 6 months	For over six months up to one year	From over 1 year up to 5 years	Over 5 years	Indefinite duration
Cash assets	**3,180**	**3,784**	**1**	**6**	**2,928**	**56**	**45**	**192**	**209**	**1,201**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt	-	-	-	-	-	-	-	-	-	-
A.3 Mutual Funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	3,180	3,784	1	6	2,928	56	45	192	209	1,201
- Banks	3,167	-	-	-	-	-	-	-	-	-
- Customers	13	3,784	1	6	2,928	56	45	192	209	1,201
Cash liabilities	**21,647**	**-**	**-**	**-**	**602**	**331**	**285**	**-**	**-**	**-**
B.1 Deposits and current accounts	21,584	-	-	-	602	331	285	-	-	-
- Banks	114	-	-	-	-	-	-	-	-	-
- Customers	21,470	-	-	-	602	331	285	-	-	-
B.2 Debt	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	63	-	-	-	-	-	-	-	-	-
"Off balance sheet"										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	1,626	-	4,158	133	383	1,158	-	-	-
- Short positions	-	3,248	12,475	4,158	133	386	1,174	-	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	1	-	-	-	-	-	-	-	-	-
- Short positions	9	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1. Breakdown by contractual residual maturity of financial assets and liabilities

Currency: BRITISH STERLING

Items / time periods	On sight	Since more than one day to 7 days	From 7 days to 15 days	For more than 15 days to 1 month	For over one month until 3 months	For over three months up to 6 months	For over six months up to one year	From over 1 year up to 5 years	Over 5 years	Indefinite duration
Cash assets	**1,882**	**1**	**-**	**637**	**4**	**23**	**22**	**260**	**706**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt	-	-	-	-	-	23	22	257	706	-
A.3 Mutual Funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	1,882	1	-	637	4	-	-	3	-	-
- Banks	1,367	-	-	-	-	-	-	-	-	-
- Customers	515	1	-	637	4	-	-	3	-	-
Cash liabilities	**3,570**	**-**	**80**	**-**	**195**	**294**	**484**	**-**	**-**	**-**
B.1 Deposits and current accounts	3,349	-	80	-	195	294	484	-	-	-
- Banks	5	-	-	-	-	-	-	-	-	-
- Customers	3,344	-	80	-	195	294	484	-	-	-
B.2 Debt	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	221	-	-	-	-	-	-	-	-	-
"Off balance sheet"										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	6,760	-	1,238	20,245	-	172	49	-	-
- Short positions	-	6,701	18,607	918	1,148	-	175	50	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	7	-	-	-	-	-	-	-	-	-
- Short positions	15	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1. Breakdown by contractual residual maturity of financial assets and liabilities

Currency: AUSTRALIAN DOLLAR

Items / time periods	On sight	Since more than one day to 7 days	From 7 days to 15 days	For more than 15 days to 1 month	For over one month until 3 months	For over three months up to 6 months	For over six months up to one year	For over 1 year upt to 5 years	Over 5 years	Indeterminate duration
Cash assets	**600**	**175**	**-**	**-**	**5,812**	**-**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt	-	-	-	-	-	-	-	-	-	-
A.3 Mutual Funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	600	175	-	-	5,812	-	-	-	-	-
- Banks	395	-	-	-	-	-	-	-	-	-
- Customers	205	175	-	-	5,812	-	-	-	-	-
Cash liabilities	**4,142**	**-**	**-**	**-**	**-**	**-**	**1,952**	**-**	**-**	**-**
B.1 Deposits and current accounts	4,122	-	-	-	-	-	1,952	-	-	-
- Banks	206	-	-	-	-	-	-	-	-	-
- Customers	3,916	-	-	-	-	-	1,952	-	-	-
B.2 Debt	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	20	-	-	-	-	-	-	-	-	-
"Off balance sheet"										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	24,073	119	18	76	348	1,945	-	-	-
- Short positions	-	17,989	119	18	76	348	1,979	-	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	83	-	-	-	-	-	-	-	-	-
- Short positions	18	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1. Breakdown by contractual residual maturity of financial assets and liabilities

Currency: JAPANESE YEN

Items / time periods	On sight	Since more than one day to 7 days	From 7 days to 15 days	For more than 15 days to 1 month	For over one month until 3 months	For over three months up to 6 months	For over six months up to one year	From over 1 year upt to 5 years	Over 5 years	Indefinite duration
Cash assets	**800**	**7**	**-**	**14**	**64**	**4**	**-**	**-**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt	-	-	-	-	-	-	-	-	-	-
A.3 Mutual Funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	800	7	-	14	64	4	-	-	-	-
- Banks	263	-	-	-	-	-	-	-	-	-
- Customers	537	7	-	14	64	4	-	-	-	-
Cash liabilities	**2,161**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	2,042	-	-	-	-	-	-	-	-	-
- Banks	1,621	-	-	-	-	-	-	-	-	-
- Customers	421	-	-	-	-	-	-	-	-	-
B.2 Debt	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	119	-	-	-	-	-	-	-	-	-
"Off balance sheet"										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	2,530	2,548	-	1,998	2,478	3,440	-	-	-
- Short positions	-	2,563	-	-	3,238	2,412	3,445	176	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Currency: OTHER CURRENCIES

Items / time periods	On sight	Since more than one day to 7 days	From 7 days to 15 days	For more than 15 days to 1 month	For over one month until 3 months	For over three months up to 6 months	For over six months up to one year	From over 1 year up to 5 years	Over 5 years	Indefinite duration
Cash assets	**2,121**	**-**	**-**	**-**	**-**	**97**	**16**	**1,968**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt	-	-	-	-	-	80	-	248	-	-
A.3 Mutual Funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	2,121	-	-	-	-	17	16	1,720	-	-
- Banks	1,768	-	-	-	-	17	16	1,720	-	-
- Customers	353	-	-	-	-	-	-	-	-	-
Cash liabilities	**1,638**	**-**	**-**	**67**	**-**	**18**	**1**	**-**	**-**	**-**
B.1 Deposits and current accounts	616	-	-	67	-	18	1	-	-	-
- Banks	281	-	-	-	-	-	-	-	-	-
- Customers	335	-	-	67	-	18	1	-	-	-
B.2 Debt	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	1,022	-	-	-	-	-	-	-	-	-
"Off balance sheet"										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	1,098	-	-	-	23	324	27	-	-
- Short positions	-	799	552	-	-	23	320	27	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	2	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

2. Information on the activities involved in the budget

Technical types	Engaged		Not Engaged		Total	Total
	BV	FV	BV	FV	12/31/2014	12/31/2013
1. Cash and cash equivalents	-	x	131020	x	131,020	130,621
2. Debt	654,079	654,079	1,843,254	1,843,434	2,497,333	2,479,029
3. Equities	-	-	49,521	49,521	49,521	45,849
4. Loans	1,027,285	x	8,374,619	x	9,401,905	8,745,033
5. Other financial assets	-	x	70,857	x	70,857	142,764
6. Non-financial assets	-	x	843,749	x	843,749	687,437
Total 12/31/2014	**1,681,364**	**654,079**	**11,313,020**	**1,892,955**	**12,994,384**	**x**
Total 12/31/2013	**1,698,859**	**667,354**	**10,531,874**	**1,912,937**	**x**	**1,223,0733**

3. Information on the activities of property not involved in the budget

Technical types	Engaged	Not Engaged	Total 12/31/2014	Total 12/31/2013
1. Financial assets	1,092,050	254,359	1,346,409	1,067,564
- Securities	1,092,050	254,347	1,346,397	1,067,564
- Other	-	12	12	-
2. Non-financial assets	-	42	42	-
Total 12/31/2014	**1,092,050**	**254,401**	**1,346,451**	**-**
Total 12/31/2013	**771,663**	**295,901**	**x**	**1,067,564**

1.4 Operational risks

Qualitative information

A. General aspects, management processes and methods of measuring operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This type of risk includes, among other things, losses due to internal / external fraud, human error, interruption of operations, system unavailability, breach of contract and natural disasters. Operational risk includes legal risk, but does not include strategic and reputational risk.

The parent company Banca Sella Holding performs the function of management and coordination to control exposure to the risks undertaken by the Companies of Gruppo Banca Sella during the course of the ordinary and extraordinary activities, delegating the operational aspects to the Risk Management service. This service has the responsibility to measure, monitor and manage the exposure to the risks of the entire group of first and second pillar of Basel 3, constantly improving the tools and methodologies for quantitative and qualitative assessment of exposure to risks.

The systems of measurement, management and control of operational risk, adopted by Gruppo Banca Sella are synthesized in the *framework* of operational risk management consisting of:

- Collection of quantitative data of operating loss *(data collection)* and income statement loss;
- organizational garrisons to mitigate and control;
- evaluation of exposure to operational risk;
- output and tools to support the operational risk management.

Through the activities of *data collection* we gather the information needed to carry out the assessment of exposure to operational risk of the Group as a whole and of the individual companies. In addition, the business of *data collection* allows the Risk Management to be promptly informed of the operational risk events that occur within the Group and its operating losses in order to put in place the necessary interventions. Among the tools of detection of operational risk there are:

- computer applications for the collection of operational losses (Trouble Reporting procedure to support the "Cycle Control" process);
- data regarding loss of operational risk events from external sources (DIPO - Italian Operational Loss Database, which the Banca Sella Group adheres)[1] ;
- factors of business environment and internal control system, or specific KPI (*Key Performance Indicators*) or KRI (*Key Risk Indicators*) reflecting the improvement or worsening of the risk profile of the bank / group as a result of actions taken or the strengthening of controls (eg indicators of service levels, faults and inspection findings, rating processes and business growth). These factors included in the calculation of the internal rating of Operational Risk [2].

The cycle of control is an internal process, effectively adopted throughout the Group for several years, which regulates the treatment of abnormalities, and the removal of the effects and causes that generated them. This process, through the use of a special computer application, oversees the activities of census, monitoring and management of all anomalous events that occur within each Group company, in order to facilitate the subsequent *follow-up* activities.

The organizational garrisons, ex-ante and ex-post, prepared to mitigate and control operational risk, allow one to monitor and limit the occurrence of operational risk events and related losses. Effective organizational data allow early detection of inefficiencies and the preparation of appropriate mitigation strategies.

Among the main organizational structures adopted by Gruppo Banca Sella for the mitigation and control of operational risk, in addition to the aforementioned process of the cycle of control, there are the activities of mapping and validation of business processes, certification and calculation of levels service and line controls, the checks carried out by the so-called "red flags" (automatic processing and/or KRI related to accounting entries, handling accounts, use of products and access to services with the aim to identify and / or prevent possible malfunctions, generated from subjects internal and / or external to the company).

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[1] Information from the DIPO also allow analysis of comparison between internal loss data and loss data from the system.

[2] The "internal operational risk rating" is a synthetic, internally calculated indicator ordered in discrete classes of growing risk from 1 to 5 (5 being the highest) that allows one to represent the operational risk exposure of a particular service, Area or company of the Group.

As part of the validation of business processes there is "assigned" a *rating* of operational risk inherent in the process (which evaluates the risk factors on the process without taking into account the mitigating effect of existing controls) and a rating of the residual operational risk process (obtained by assessing the mitigating effect of controls on risks). The *ratings* of risk are measured on a discrete scale with values from 1 (lowest risk) to 5 (highest risk).

The introduction of new processes or modification of existing processes with residual operational risk *rating* equal to or greater than 4 is subjected to prior examination and evaluation of the Operational Risk Committee.

With a view to intercept early symptoms of vulnerability of processes and to have immediate perception of the areas most exposed to the risks, there is carried out the mapping of business processes in an end to end optic[3]. This activity provides that the processes are grouped into macro-processes and the latter in macro-classes and there is provided for the awarding of a rating of operational risk not only to the single process but also to the higher levels of grouping, in order to provide an overview of areas of intervention in the entire process chain and to plan actions to reduce the overall exposure to operational risk.

The mitigation of operational risk also helps the work done by the function "controls and Follow Up" of Banca Sella, aimed at maintaining an adequate supervision on the control of operational risks. The activities performed by this service consist of centralized controls and secondary activities carried out by Banca Sella and, through outsourcing contracts, the companies of the Group.

The risk monitoring also means *reporting* functions targeted at all levels of the organization, in accordance with the rules that provides that they be insured timely information concerning operational risks. The Cycle Control provides the basic information that, at the occurrence of the signaled abnormal event reported according to precise escalations, generates streams of communication to stakeholders.

In addition, in order to enable an assessment of the *performance* of the operational risk management the Risk Management regularly produces summary and detailed reports that sum up for each Group company and the Group as a whole the level of risk assumed in relation to:

- unusual occurrences and operating losses reported in the database of the control cycle, highlighting the anomalies with a higher gravity;
- the outcome of line controls;
- the trend in service levels;
- the performance of "internal operational risk *rating".*

These findings are made known, with different levels of detail and depending on the severity, to managers overseeing risks, the CEO, the committees responsible and to the governing bodies of the Company.

With regard to legal disputes it should be noted that the companies of the Banca Sella Group are party to a number of legal proceedings of various kinds and legal proceedings arising from the ordinary course of its business. While it is not possible to predict with certainty the final outcome, it is considered that an unfavorable conclusion of these proceedings would not have, either individually or as a whole, a significant adverse effect on the financial and economic situation of Gruppo Banca Sella.

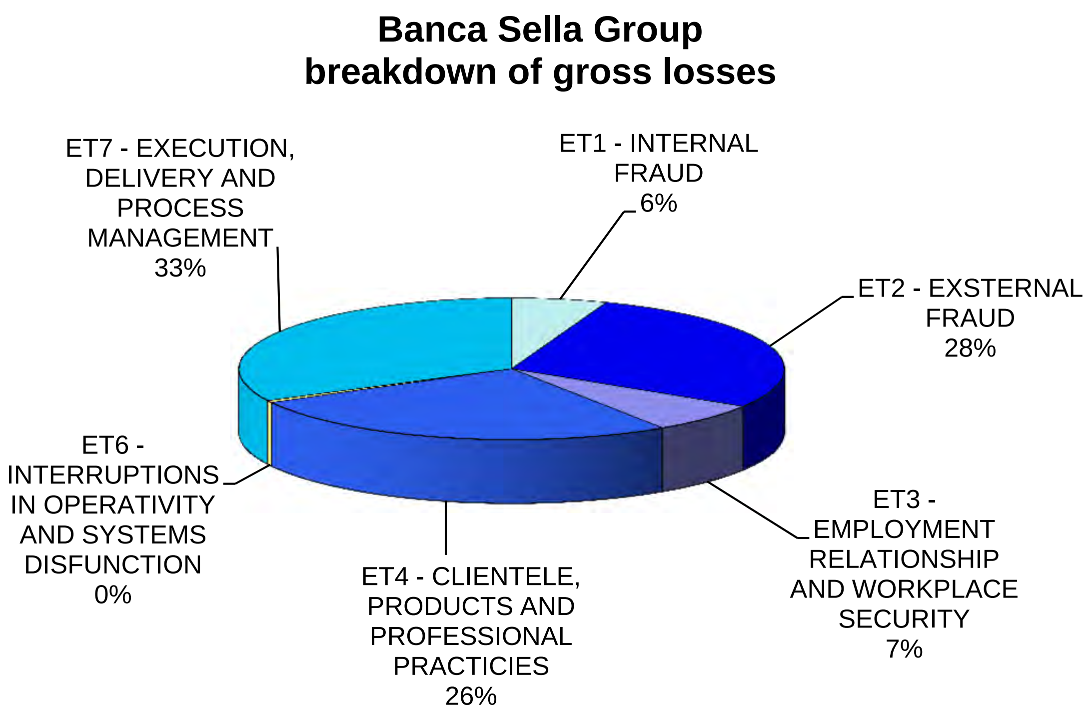
For the purposes of calculating the capital requirement for operational risk exposure, there is adopted the method of calculation Basic (*Basic IndicatorApproach, BIA*). In the Basic Approach the capital requirement is calculated by applying a regulatory coefficient fixed rate of 15% at the three-year average of the relevant incidator[4].

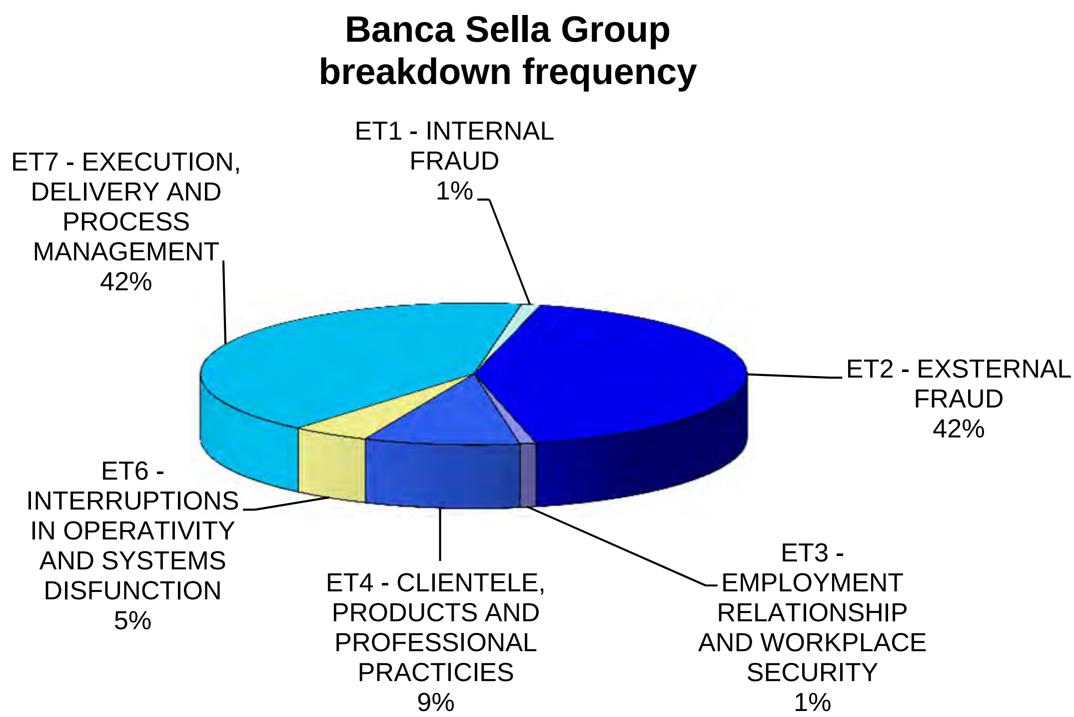
[3] The process is defined end to end when it is set so as to be a "value flow" in total logic of the fulfillment of the function of use of the client, whether internal or external, starting from its request until disbursement of the service.

[4] The Article 316 -Title III - PART THREE of Regulation (EU) No. 575/2013 of the European Parliament and Council of 26 June 2013 detailing the items to be added to calculate the relevant indicator. Table 1 of this article answers to: 1) Interest and similar income; 2) Interest and similar charges; 3) Income from shares and other variable-income securities / fixed; 4) Commissions / provisions; 5) Expenses Commissions / fees; 6) Profit (loss) on financial transactions; 7) Other operating income

Quantitative information

The following diagrams, obtained by processing of the information contained in the *Loss Data Collection* Group, show the data of the operating loss recorded in the period 01/01/2014-12/31/2014, classified according to the types of events of Basel 3 and divided in terms of impact and frequency.





Section 2 - Risks of insurance companies

Gruppo Banca Sella has a majority holding in two insurance companies located respectively in Ireland and in Italy and specialized by type of products and customers. The first is aimed at a private public offering products to better meet the needs of diversification of investment, while the second, addressing a diversified view of buyers, offers a complete catalog, therefore, with the risks associated with the duration of the human lifespan.

Sella Life Ltd.

Insurance activities of Sella Life deals only with the Class III of the Life Business, and in particular *linked* products. By their nature these products do not pose a financial risk for the Company as the same is fully transferred to the Contractor of the policy.

The insurance policies provided by the Company are differentiated according to the different generations of products and, where relevant, properly reinsured.

CBA Vita S.p.A.

Insurance activities of C.B.A. Vita concerns mainly the Life Classes and minimally the accident and the Health line.

2.1 Insurance risks

Qualitative information

The system of risk management is proportionate to the nature, scale and complexity of the business: it allows one to understand the nature and origin of the most significant risks, meaning those risks whose consequences could affect the solvency of the enterprise or constitute a serious obstacle to the achievement of business objectives, and assessing the potential effects.

The *risk management* function, set up at each company, contributes to the risk classification, the definition of the methods of their measurement and identification of the operational limits. The function also defines the procedures for the timely verification of compliance with these limits, it ensures the immediate detection of anomalies found in operations and prepares reports for senior management and the Board of Directors, with the results of the controls performed.

Risk measurement - Stress tests

The process of risk analysis includes, in addition to a qualitative assessment, the annual measurement of the absorption of capital for the various types of risk, mainly through the use of methodologies of *stress testing.*

The methodology of risk measurement adopted for the analysis of stress-testing involves the use of a *Value at Risk* (VaR), which quantifies with a confidence interval of 99.5%, the potential loss over the temporal horizon of one year.

The shock assumptions used are the most recent adopted for the evaluations in the context of Solvency II. This approach is applied to each risk in the scope of evaluation. In particular, for each risk, the shock is applied to the *fair value* (*or economic value)* of assets and liabilities, and the enhanced risk as opposed to the *net asset value* (NAV) in the shock scenario (with a confidence in the 99.5th percentile) with regard to that in the central scenario.

The calculation of the technical and financial liabilities is based on best estimates with explicit criteria determining the risk margin and the methodology used for aggregation at the level of the insurance group is based on the consolidation method*.*

The risks are structured in modules and sub-modules and aggregates using correlation matrices. The forms of risk considered are:

- Risk insurance of the life and damage segment;
- Market risk;
- Counterparty risk;
- Operational risk.

For each module, are discussed below sub-risk modules that compose it and their contribution to the evaluation of the module as a whole. The results of *stress tests* for individual risk modules, gross of tax benefits and diversification effects existing between them, are shown as a percentage of the NAV of the insurance group that, at 31/12/2014, net of the dividend distributed by the parent company, amounts to 51 million. Overall, taking into account the tax benefits and the effects of diversification, the capital absorbed in the face of risks is 72% of the net asset value of the group. The percentage of total risks of the market risk generated by exposure to corporate bonds, from strategic investments and from exposure to mutual funds is 43%. We point out that the equity capital amounts to 59 million also including other subordinated liabilities.

Insurance risk of the life and damage sector

The insurance risk of the life sector includes the risks of a demographic nature (mortality risk, longevity and disability), of changes in operating costs of the portfolio (cost risk) and the redemption by the policy portfolio (redemption risk).

To cover insurance risks, the companies will pay special attention in the determination of the pure premiums of the life insurance rates, adopting conservative assumptions in terms of population tables and any financial guarantees. The rates are regularly updated to take account of demographic and financial developments.

For the existing portfolio there are allocated, when appropriate, additional reserves which cover any worsening changes with respect to the hypotheses made at the time of pricing.

The international accounting standards envisage that the insurance companies assess the adequacy of their insurance liabilities, with recognition in the income statement of any eventual failure. To this end, the liability adequacy test verifies that the provisions are adequate to cover the future cash flows related to insurance contracts or financial and profit sharing. The analysis performed reveals the suitability of insurance liabilities.

Mortality risk

The companies implement a policy of risk-taking diversified by tariff type. Particular attention is paid in the assumption of temporary life insurance policies for which the procedures present differ the modes of estimation depending on the underwriting capital to be insured and the age of the insured. With reference to the amounts insured in case of death, the companies resort to reinsurance coverage consistent with the nature of the products marketed and adopt conservation levels more than adequate to its capital structure.

In the stress tests liabilities were recalculated using demographic tables with increased probability of death.

Longevity risk

With reference to the risk of longevity, in which the only C.B.A. Vita is exposed, it is noted that, for some years, new capital contracts with an equity conversion option in annuity provide the conversion to conditions in force at the time the option is exercised, limiting the risk associated with the progressive lengthening of the human life span. For existing contracts, with guaranteed annuity rate calculated using outdated demographic bases, C.B.A. Vita has provided a proper integration of the reserves.

In the stress tests liabilities were recalculated using demographic tables with probability of death decremented.

Redemption risk

The risk associated with the possibility of recording losses on the portfolio due to changes in redemption rates with regard to the expected rates.

The phenomenon of redemptions will be constantly monitored in order to identify anomalous trends from the past that may impact on the expected future development of the business.

In the stress tests liabilities are recalculated in line with the rate of redemption stressed, considering the worst among the three following scenarios: permanent increase, permanent decrease and instantaneous increase in the rate of redemption.

Cost risk

The cost risk is the possibility that the costs associated with portfolio management policies are increased compared to those expected. Similar to the risk of redemption, the change in expenditure management contracts is also monitored in order to assess the need for provision of an additional reserve.

The stress tests involve the recalculation of the liabilities according to assumptions of increased future costs (differentiated between recurrent and one-off) and its inflation component.

Catastrophe risk

The catastrophe risk is associated with the possibility that a catastrophic event results in the sudden increase in the flow of payments to policyholders.

In the stress tests liabilities were recalculated using an instantaneous increase in mortality on the insured population.

Non-life insurance risk

In the non-life segment C.B.A. Vita sells almost exclusively health policies: the signing policies adopted for these policies pay particular attention to those types of risks, as for the long term care insurance policies, for which the market has gained less experience.

In order to maintain adequate levels of exposure to its capital structure, the Company uses reinsurance coverage, both of a proportional and non-proportional type. The tariff process also considers technical bases, usually agreed up with the reinsurers of reference, increased by adequate safety provisions.

The results of stress tests confirm the irrelevance of this type of risk in the business of the insurance group.

Results of stress tests on the insurance risks

Globally, insurance risks represent 22% of the *net asset value,* before tax, and the diversification of the various forms of risk.

Within them, the individual sub-modules of risk are as follows, implicitly taking into account the benefit of diversification:

Quantitative information

For quantitative information, please refer to the above.

Financial risks

Qualitative information

Market risks

Market risk refers to unexpected changes of factors, such as interest rates, exchange rates and prices of securities which may result in an upward or downward change in the value of a position held in free capital and investments allocated to cover reserves.

The *risk management* activities relating to investments are aimed at the identification, evaluation and control of market risk, as well as support in defining the methodological guidelines for the creation of models for measuring and controlling these risks.

The management and control of market risk is based on qualitative and quantitative limits of the investments for each type of financial instrument.

The management of the securities portfolio is mainly carried out within the individual companies of the insurance group with the assistance of external professional *advisor* skills. The investment policy is focused on optimizing operating results and on reducing their volatility and the degree of liquidity of investments taking into account the needs of asset *liability management.* In particular, for insurance products that provide guaranteed minimum returns, there is monitored the temporal non-correlation between the liabilities to policyholders (reserves) and the covering assets.

The group pays particular attention to the level of liquidity of their investments by defining specific measures and controls with regard to *funding liquidity risk,* which is the inability to raise the necessary funds to meet payment obligations, and to *market liquidity risk,* or the presence of limits to sell assets to cover losses of cash.

Interest rate risk

To illustrate the Group's exposure to interest rate risk, we proceeded to the stratification of the bond portfolio by maturity, excluding investment-related policies in Class III. The table below shows that the portfolio is invested in securities with a maturity of less than five years at 48% and in securities with maturities of less than 10 years at 94%.

Bond portfolio broken down by maturity

In thousands of euros

Maturity	Afs securities	FV securities	Loan securities	Total	% of Total
Within 1 year	61,680	28	4,497	66,205	10%
From 1 to 3 years	181,579	19	2,954	184,552	28%
From 3 to 5 years	63,156	0	0	63,156	10%
From 5 to 10 years	304,828	0	2,343	307,171	46%
From 10 to 15 years	9,564	0	0	9,564	1%
More than 15 years	30,363	0	0	30,363	5%
Total	651,170	47	9,794	661,011	100%

The analysis of the interest rate risk is carried out for all assets and liabilities whose value is exposed to interest rate risk, that is, changes in the rate structure and it implicitly takes into account the liquidity risk. In particular, the elements that are most exposed to the risk in question are, on the side of the assets, the fixed-rate bonds and on the liabilities side, the balance sheet items whose value is determined on the basis of future cash flows.

The valuation method involves the recalculation of the value of assets and liabilities using the worst between two different scenarios: shock average increase of 100 basis points and a decrease of 37 basis points on the structure at the end of interest rates of reference for a period 40 years.

Equity risk

Equity exposure of the insurance holding company is limited essentially to strategic investments and mutual funds, while for the subsidiary the exposure is related to the portfolio covering *unit-linked* contracts.

The analysis of the equity risk was performed for all assets and liabilities whose value depends on changes in stock market prices and / or changes to their volatility. There was assumed a shock of 22% for strategic investments and 41.83% on the market value of all other shares in the portfolio.

Spread Risk

The spread risk is the risk related to the infringement of contract by issuers of the securities in the portfolio. The following table shows the breakdown by rating category of the bond portfolio of the group underlying the policies with revaluable performances and equity:

RATING	*Afs securities*	*FV securities*	*Loan securities*	*Total*
From AAA to AA	0%	0%	0%	0%
From AA- to A-	0%	0%	0%	0%
From BBB+ to BBB-	93%	77%	100%	94%
From BB+ to B-	6%	23%	0%	5%
NR	0%	0%	0%	0%
	100%	100%	100%	100%

The risk analysis is done to spread the assets and liabilities whose value is subject to changes in credit spreads or the ratings of the respective issuers.

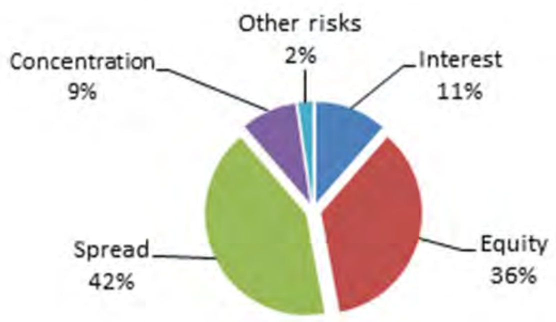
The assessment is based on a factor model, differentiated according to the different types of investment, which helps measure the risk arising both from a rating downgrade and from an increase in credit spreads.

Concentration risk, currency and real estate

These risks are a contained component of market risk to which the group is exposed, or 11.2%. In detail, the concentration, currency and real estate risk were quantified through the methodologies and assumptions of shock planned for evaluations in Solvency II.

Results of stress tests on market risk

Overall, market risk represents 52% of the net asset value, before tax, and gross of the tax effects and of the diversification of the various forms of risk. Inside, the individual sub-modules of risk are as follows, implicitly taking into account the benefit of diversification:



Counterparty risk

The counterparty risk is related to contractual infringement by reinsurers, brokers and other counterparties. The following table shows the reinsurers to which the group is exposed and their rating:

COMPANY	Rating Moody's	Rating S&P	Rating Fitch	Exposure 12/31/14 (euro)	Exposure 12/31/14 (% of total)	Maximum exposure (euro)
Swiss Reinsurance Company	Aa3	AA-	A+	240,954	6.51%	10,000,000
Scor Global Life (rating parent company Scor SE)	A1	A+	A+	1,001,673	27.07%	10,000,000
Hannover A.G.		AA-	AA-	587,172	15.87%	10,000,000
Cardif (rating parent company Bnp Paribas)	A1	A+	A+	1,870,074	50,54%	10,000,000
			Total	***3,699,872.72***	***100.00%***	

With reference, however, to the other parties, we should mention the banks of the banking group, with which there are current accounts and deposits of the ordinary type.

The evaluation of counterparty risk is carried out by applying the methodologies and assumptions used for evaluations of shock in Solvency II, which consider differentially the exposures to counterparties that are rated and not rated.

In both cases, the assessment is based on a factorial approach using, in the first case, the loss-given-default and the probability of failure of the counterparties, while in the second case, the value of all the exposures is considered.

From the analysis, the counterparty risk is 25% of the net asset value, before tax and diversification among the various sub-risk modules. The same is almost entirely generated by the aforementioned exposures to banks in the banking group and therefore the risk of underlying default is considered substantially mitigated.

Quantitative information

For quantitative information, please refer to the above.

2.2 Other risks

Operational risk

The Group identifies and monitors the risk of suffering losses due to inadequacy or failures of processes, human resources and internal systems, or from external events.

To this end, the same process is employed that is used by Gruppo Banca Sella (the "Control Cycle"), for the census and monitoring of abnormal events related to operating losses, complaints, findings of inspection and compliance, failures and malfunctions. The anomalies included in the platform of the "Control Cycle", attributed to the operating unit that generated them, are monitored until their final resolution.

The Group has developed an approach for operational risk management based on mapping of all business processes, self-assessment of operational risk attached to them (risk *self assessment*) and the identification of actions to mitigate them.

Condensed and detailed financial statements are sent periodically to senior management and the Board of Directors of the two companies in the group with the evidence of adverse events, operating losses reported in the "Cycle Control" database, the outcome of line controls and the synthetic indicator of operational risk.

The operational risk assessment is carried out by applying a factorial approach that takes into account the amount of technical provisions and premiums written over the past two years. An analysis conducted on operational risk accounts for 23% of the *net asset value* of the group, gross of tax effects.

Other risks: reputation, non-compliance with the rules and contagion

Among the risks faced by the group are identified other risks, for whose monitoring, management and mitigation actions specific organizational structures are provided, including:

- reputational risk, linked to the eventuality of a deterioration of the corporate image as a result, for example, of an increase in a conflict with insured parties caused by a poor quality of services offered, from the placement of unsuitable policies or the behavior of sales network;
- the risk of non-compliance with norms, resulting from a lack of compliance with laws, regulations or orders of the Supervisory Authority or adverse changes in the regulatory framework;
- the risk of contagion, understood as the possibility that problems that emerge in an entity of a parent group can propagate with negative effects on the stability of a same and / or the rest of the group.

These types of risks are covered, for the purposes of assessment, in the form of operational risk, as they were generated by the occurrence of an event often produced therefrom.

Section 3 - Risks of other companies

Within the scope of Gruppo Banca Sella there are no companies included in the definition of "other companies".

Part F - Information on consolidated capital

Section 1 - Consolidated capital

A. Qualitative information

From 1 January 2014 there came into force the new harmonized rules for banks and investment firms in Regulation No. 575/2013 ("CRR") and Directive 2013/36 / EU ("CRD IV") transposing EU standards as defined in the Basel Committee on Banking Supervision (Basel 3).

To implement and facilitate the implementation of the new guidelines, as well as to achieve an overall revision and simplification of the rules of supervision of banks, the Bank of Italy issued on 17 December 2013, the Circular 285 "Provisions supervision for banks" that:

i) incorporates the provisions of CRD IV, the implementation of which, in accordance with the Banking Law, is the responsibility of the Bank of Italy;

ii) indicates how there were exercised the national discretions conferred by the Community framework to national authorities;

iii) outlines a comprehensive, organic, rational regulatory framework that is integrated with the direct application of Community provisions, in order to facilitate its use by operators.

In the Gruppo Banca Sella the overseeing of capital adequacy is ensured by the activity of capital management.

The plan of Capital Management is defined in conjunction with the strategic plan and the Risk Appetite Framework (RAF) and is realized in the impact assessment of the ordinary activity and in the definition of any extraordinary operations in order to pursue the objectives of increasing the company's equity (represented by Common Equity Tier 1 ratio and the total capital ratio) considered necessary and appropriate to put the Group in a position of strength and present and future sustainability.

The plan of Capital Management is subject to systematic monitoring by the Risk Management of the Parent Company through a process of supervision on the assets and removals which provides to:

i) calculate on a monthly basis the statement of account, depending on the operating results achieved progressively;

II) simulate on a quarterly basis the evolution on a prospective basis in order to prevent situations of non-compliance of the defined levels.

The solvency ratios of the Group, on a consolidated and individual level, are part of the monthly reporting prepared for the Board of Directors of the parent company and group companies, for the meeting of Alignment and Performance Verification of the Group and for the Group ALM Committee.

B. Quantitative information

B.1 Consolidated equity: breakdown by type of company

	Banking Group	Insurance companies	Other companies	Eliminations and adjustments on consolidation	Total
1. Capital	143,574	3,780	-	(599)	146,755
2. Share premium	148,944	-	-	-	148,944
3. Reserves	503,578	68,571	-	(91,161)	480,988
4. Equity instruments	-	-	-	-	-
5. (Own shares)	-	-	-	-	-
6. Valuation reserves	13,517	3,621	-	3,482	20,620
- Financial assets available for sale	20,969	2,809	-	(2,508)	21,270
- Tangible assets	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedging of foreign investments	-	-	-	-	-
- Cash flow hedges	-	-	-	-	-
- Exchange differences	(1,356)	-	-	-	(1,356)
- Non-current assets and groups of assets held for sale	-	-	-	-	-
- Gains (losses) related to defined benefit pension plans	(6,143)	(106)	-	-	(6,249)
- Share of valuation reserves relating to investments carried at equity	(1)	918	-	-	917
- Special revaluation	47	-	-	5,990	6,037
7. Profit (loss) for the year	65,188	4,637	-	43	69,868
Total	874,801	80,609	-	(88,235)	867,175

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

Asset / Value	Banking group		Insurance companies		Other companies		Eliminations and adjustments on consolidation		Total	
	Pos.	Neg.	Pos.	Neg.	Pos.	Neg.	Pos.	Neg.	Pos.	Neg.
1. Debt	20,514		1,865	8			(1,647)		20,732	8
2. Equities	551	40							551	40
3. Mutual funds			91	56					91	56
4. Loans									-	-
Total 12/31/2014	21,065	40	1,956	64	-	-	(1,647)	-	21,374	104
Total 12/31/2013	10,212	63	215	1	-	-	(1,333)	-	9,094	64

Legend

Pos. = Positive reserve

Neg. =Negative reserve

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

	Debt securities	Equity securities	UCITS units	Loans
1. Opening	**8,353**	**670**	**7**	**-**
2. Increases	**47,044**	**287**	**221**	**-**
2.1 Fair value increases	45,390	287	221	-
2.2 Transfer to income statement of negative reserves	1,179	-	-	-
- Impairment	-	-	-	-
- Realised	1,179	-	-	-
2.3 Other changes	475	-	-	-
3. Decreases	**34,673**	**446**	**193**	**-**
3.1 Fair value	1,523	149	193	-
3.2 Impairment	-	-	-	-
3.3 Transfer to income statement of positive reserves: from sale	6,923	297	-	-
3.4 Other changes	26,227	-	-	-
4. Closing	**20,724**	**511**	**35**	**-**

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

	12/31/2014
1. Opening	**(1,098)**
2. Increases	**148**
2.1 Component positive evaluation	
2.2 New entries	148
3. Decreases	**5,299**
3.1 Component negative evaluation	4,522
3.2 New Release	777
4. Closing	**(6,249)**

Section 2 - Own funds and capital adequacy ratios

2.1 Scope of regulations

According to the provisions in Articles. 11 et seq of Commission Regulation (EU) of the European Parliament and of the Council n ° 575/2013 of 06/26/2013, on prudential requirements for credit institutions, which entered into force on 1 January 2014, the application on a consolidated basis of these requirements must be reported to "'parent company" who controls a banking group, be it in turn a bank or financial enterprise.

In the light of such information and considering the corporate structure placed "upstream" of the company Banca Sella Holding, the parent company of the Gruppo Banca Sella, the calculation of regulatory capital and prudential requirements at 31 December 2014 was carried out with reference to the company M .Sella SApA that turns out to be, according to European legislation, the financial holding company of the banking group.

Therefore, in this section there are presented the results of this calculation, regarding the prudential perimeter of the consolidated financial statements published by the company M.Sella SApA, as supplied in the supervisory reports submitted to the Bank of Italy and, through it, to the European Central Bank.

2.2 Own bank funds

A.Qualitative information

1.Primary capital class 1 (Common equity Tier 1 - 1 CET)

As required by the 3rd update Circ.262 / 05 of 22 December 2014, the following table shows the main features of the actions that have been included in the Common Equity Tier 1 - CET1 Group at 31 December 2014:

- Maurizio Sella sapa, n. 12,179,997 ordinary shares with a nominal value of EUR 0.52 (zero point fity-two) each, including share premiums, reserves, profits earned and net of 187,163 treasury shares held for a computable value of EUR 779,304,507;
- Banca Sella spa, n. 563,193,010 ordinary shares with a nominal value of EUR 0.50 (zero point fifty) each, inclusive of share premium, reserves and retained earnings accrued to a calculable value of EUR 41,905,614 relating to minority interests;
- Banca Sella Holding No spa. 209,976,000 ordinary shares with a nominal value of EUR 0.50 (zero point fifty); n. 4,051,340 special shares with a nominal value of EUR 0.50 (zero point five) inclusive of share premium, reserves and retained earnings accrued to a computable value of EUR 3,630,077 relating to minority interests;
- Heritage Bank Sella & C. n. 28,000,000 ordinary shares with a nominal value of 1 EUR each, inclusive of share premium, reserves and retained earnings accrued to a computable value of EUR 14,884,448 relating to minority interests.

2. Additional Tier 1 (Additional Tier 1 - AT1)

In Additional Tier 1 at 31 December 2014 were calculated the following financial instruments:

- Banca Sella spa, n. 563,193,010 ordinary shares with a nominal value of EUR 0.50 (zero point fifty) each, inclusive of share premium, reserves and retained earnings accrued to a calculable value of € 774,322 relating to minority interests;
- Banca Sella Holding No spa. 209,976,000 ordinary shares with a nominal value of EUR 0.50 (zero point fifty); n. 4,051,340 special shares with a nominal value of € 0.50 (zero point fifty) inclusive of share premium, reserves and retained earnings accrued to a computable value of € 192,155 relating to minority interests;
- Heritage Bank Sella & C. n. 28,000,000 ordinary shares with a nominal value of 1 EUR each, inclusive of share premium, reserves and retained earnings accrued to a computable value of € 89,174 relating to minority interests.

3.Tier 2 (Tier 2 - T2)

In Tier 2 to 31 December 2014 there have been calculated the following financial instruments:

- Banca Sella spa, n. 563,193,010 ordinary shares with a nominal value of EUR 0.50 (zero point fifty) each, inclusive of share premium, reserves and retained earnings accrued to a calculable value of EUR 1,935,807 relating to minority interests;
- Banca Sella Holding No spa. 209,976,000 ordinary shares with a nominal value of EUR 0.50 (zero point fifty); n. 4,051,340 special shares with a nominal value of € 0.50 (zero point fifty) inclusive of share premium, reserves and retained earnings accrued to a computable value of € 453,521 relating to minority interests;
- Heritage Bank Sella & C. n. 28,000,000 ordinary shares with a nominal value of 1 EUR each, inclusive of share premium, reserves and retained earnings accrued to a computable value of € 222,970 relating to minority interests;
- Subordinated instruments summarized below:

Issuer	%Interest rate	Rate Type	Nominal value at the date	Computability	issue	Start of amortization	maturity	For amortization	Computed balance
Banca Sella	5.30	Fixed	2,000,000	Computable (as a result of transitory provisions),	07/16/08	07/16/10	07/16/15	YES	788,044
Banca Sella	0.43	Variable	12,000,000	Computable (as a result of transitory provisions),	09/30/08	09/30/11	09/30/16	YES	7,663,179
Banca Sella	4.00	Fixed	500,000	Computable (as a result of transitory provisions),	01/12/09	01/12/10	01/12/15	YES	11,990
Banca Sella	3.90	Fixed	500,000	Computable (as a result of transitory provisions),	02/06/09	02/06/10	02/06/15	YES	36,968
Banca Sella	3.45	Fixed	2,000,000	Computable (as a result of transitory provisions),	02/18/09	02/18/10	02/18/15	YES	195,832
Banca Sella	3.50	Fixed	500,000	Computable (as a result of transitory provisions),	02/24/09	02/24/10	02/24/15	YES	54,953
Banca Sella	1.06	Variable	1,200,000	Computable (as a result of transitory provisions),	03/05/09	03/05/10	03/05/15	YES	153,609
Banca Sella	0.88	Variable	4,000,000	Computable (as a result of transitory provisions),	03/16/09	03/16/10	03/16/15	YES	600,034
Banca Sella	1.18	Variable	4,300,000	YES	06/03/09	06/03/14	06/03/19	NO	1,870,729
Banca Sella	3.50	Fixed	2,000,000	Computable (as a result of transitory provisions),	05/21/09	05/21/11	05/21/16	YES	1,013,363
Banca Sella	4.55	Fixed	1,000,000	YES	05/21/09	05/21/14	05/21/19	NO	593,158
Banca Sella	0.88	Variable	2,130,000	YES	07/15/09	07/15/14	07/15/19	NO	1,410,804
Banca Sella	0.88	Variable	210,000	YES	07/15/09	07/15/14	07/15/19	NO	127,757
Banca Sella	0.79	Variable	2,500,000	YES	07/31/09	07/31/14	07/31/19	NO	930,802
Banca Sella	0.78	Variable	2,500,000	YES	09/04/09	12/04/14	12/04/19	NO	1,229,206
Banca Sella	4.075	Fixed	1,000,000	YES	09/04/09	12/04/14	12/04/19	NO	639,698
Banca Sella	0.78	Variable	10,000,000	YES	09/10/09	12/10/14	12/10/19	NO	7,772,196
Banca Sella	0.78	Variable	930,000	YES	09/16/09	12/16/14	12/16/19	NO	392,397
Banca Sella	4.10	Fixed	2,500,000	YES	10/05/09	01/05/15	01/05/20	NO	1,846,091
Banca Sella	4.10	Fixed	5,000,000	YES	10/15/09	01/15/15	01/15/20	NO	3,285,183
Banca Sella	4.10	Fixed	5,000,000	YES	10/26/09	01/26/15	01/26/20	NO	3,131,875
Banca Sella	4.10	Fixed	2,500,000	YES	10/26/09	01/26/15	01/26/20	NO	2,009,437
Banca Sella	4.10	Fixed	10,000,000	YES	10/29/09	01/29/15	01/29/20	NO	5,747,246
Banca Sella	4.10	Fixed	5,000,000	YES	11/23/09	02/23/15	02/23/20	NO	3,391,952
Banca Sella	4.00	Fixed	5,000,000	YES	12/16/09	03/16/15	03/16/20	NO	3,377,351
Banca Sella	2.95	Fixed	2,500,000	YES	10/12/10	10/12/12	10/12/17	NO	1,269,375
Banca Sella	2.50	Variable	5,000,000	YES	10/20/10	10/20/12	10/20/17	NO	2,558,741
Banca Sella	3.15	Fixed	1,500,000	Computable (as a result of transitory provisions),	11/22/10	11/22/12	11/22/17	YES	1,056,480
Banca Sella	3.70	Fixed	10,000,000	YES	01/14/11	01/14/12	01/14/17	NO	3,721,130
Banca Sella	4.65	Fixed	10,000,000	YES	03/15/11	03/15/16	03/15/21	YES	6,962,764
Banca Sella	4.30	Fixed	6,613,600	Computable (as a result of transitory provisions),	06/15/11	06/15/13	06/15/18	YES	4,171,129
Banca Sella	5.20	Fixed	1,800,000	Computable (as a result of transitory provisions),	10/25/11	10/25/12	10/25/17	YES	1,234,193
Banca Sella	5.10	Fixed	5,880,600	Computable (as a result of transitory provisions),	11/11/11	11/11/12	11/11/17	YES	4,098,721
Banca Sella	5.75	Fixed	12,000,000	Computable (as a result of transitory provisions),	12/12/11	12/12/12	12/12/17	YES	8,611,762
Banca Sella	5.60	Fixed	6,000,000	Computable (as a result of transitory provisions),	12/30/11	12/30/12	12/30/17	YES	4,377,846

Banca Sella	5.40	Fixed	16,000,000	NO	01/17/12	01/17/13	01/17/18	YES	0
Banca Sella	5.50	Fixed	4,000,000	NO	02/01/12	02/01/13	02/01/18	YES	0
Banca Sella	5.00	Fixed	12,000,000	NO	02/14/12	02/14/13	02/14/18	YES	0
Banca Sella	4.45	Fixed	6,000,000	NO	03/01/12	09/01/12	09/01/17	YES	0
Banca Sella	4.15	Fixed	6,000,000	NO	03/13/12	09/13/12	09/13/17	YES	0
Banca Sella	4.55	Fixed	5,000,000	YES	08/31/12	02/28/13	02/28/18	NO	2,886,080
Banca Sella	3.50	Fixed	10,000,000	YES	11/15/12	11/15/13	11/15/18	NO	6,898,885
Banca Sella	3.45	Fixed	5,000,000	YES	12/10/12	12/10/13	12/10/18	NO	3,598,229
Banca Sella	3.25	Fixed	15,000,000	YES	01/07/13	01/07/14	01/07/19	NO	9,935,855
Banca Sella	3.05	Fixed	2,500,000	YES	01/17/13	07/17/13	07/17/18	NO	1,616,704
Banca Sella	3.00	Fixed	5,000,000	YES	01/31/13	01/31/14	01/31/19	NO	3,491,420
Banca Sella	3.20	Fixed	10,000,000	YES	01/31/13	01/31/15	01/31/20	NO	7,564,135
Banca Sella	3.15	Fixed	15,000,000	YES	03/22/13	03/22/14	03/22/19	NO	11,559,312
Banca Sella	3.30	Fixed	10,000,000	YES	05/03/13	05/03/15	05/03/20	NO	6,697,211
Banca Sella	3.20	Fixed	15,000,000	YES	05/17/13	05/17/15	05/17/20	NO	11,525,518
Banca Sella	2.90	Fixed	10,000,000	NO	08/19/13	08/19/14	08/19/19	YES	0
Banca Sella	3.10	Fixed	5,000,000	YES	10/04/13	10/04/14	10/04/19	NO	3,445,792
Banca Sella	2.75	Fixed	5,000,000	NO	10/04/13	10/04/14	10/04/19	YES	0
Banca Sella	3.10	Fixed	5,000,000	YES	10/22/13	10/22/14	10/22/19	NO	3,766,098
Banca Sella	3.00	Fixed	10,000,000	YES	11/06/13	11/06/14	11/06/19	NO	6,216,297
Banca Sella	3.00	Fixed	7,500,000	YES	11/13/13	11/13/14	11/13/19	NO	4,414,921
Banca Sella	1.95	Fixed	4,541,000	YES	05/29/14	05/29/15	05/29/20	NO	4,143,894
Banca Sella	3.25	Fixed	5,100,000	YES	11/07/14	11/07/16	11/07/21	YES	4,654,010
Banca Sella	3.25	Fixed	900,000	YES	12/15/14	12/15/16	12/15/21	YES	821,296
Banca Sella	3.25	Fixed	10,200,000	YES	12/30/14	12/30/16	12/30/21	NO	9,308,020
Banca Sella	3.25	Fixed	3,000,000	YES	10/27/14	10/27/16	10/27/21	YES	2,737,653
Banca Sella Holding	0.45	Variable	18,560,000	YES	07/15/04	07/15/10	07/15/15	NO	1,798,911
Banca Sella Holding	1.079	Variable	10,000,000	YES	06/21/07	06/21/12	06/21/17	NO	632,083
Banca Sella Holding	1.142	Variable	50,000,000	YES	11/28/06	11/28/11	11/28/16	NO	17,248,970
Banca Sella Holding	1.479	Variable	30,000,000	YES	12/17/07	12/17/12	12/27/17	NO	13,589,792
Totale complessivo			456,865,200						224,887,081

B.Quantitative information

	Total 12 2014	Total 12 2013
A - Common Equity Tier 1 - CET1 before application of prudential filters	**811,811**	**708,686**
Of which CET1 tools subject to transition	-	-
B. Prudential filters CET1 (+/-)	-1,204	-769
C. CET1 before items to be deducted and the effects of the transitory arrangements (A +/- B)	**810,607**	**707,917**
D. Deductions from CET1	**103,526**	**32,180**
E. Transitory arrangements - Impact on CET1 (+/-), including minority interests subject to transition	**9,077**	**-**
F. Total Capital primary class 1 (Common Equity Tier 1- CET 1) (C - D +/- E)	**716,158**	**675,737**
G. Additional Tier 1 Capital (Additional Tier 1- AT 1) before items to be deducted and the effects of the transitory arrangements	**5,278**	-
that AT1 instruments subject to transition	-	-
H. Deductions from AT1	**-**	-
I. Transitiory arrangements - Impact of AT1 (+/-), including the instruments issued by subsidiaries and included in AT1 result of transitory provisions	**-4,222**	-
L. Additional Tier 1 Total Capital (Tier 1 additionale - AT1) (G - H +/- I)	**1,056**	**-**
M. Capital Class 2 (Tier 2 - T2) before items to be deducted and the effects of the transitory arrangements	**150,199**	**414,256**
which tools T2 subject to transition	37,333	-
N. Deductions from T2	**6,990**	32,180
O. Transitional arrangements - Impact on T2 (+/-), including the instruments issued by subsidiaries and included in the T2 as a result of the transitory provisions	**78,010**	-
P. Total Share class 2 (Tier 2 - T2) (M - N +/- O)	**221,219**	**382,076**
Q. Total own funds (F + L + P)	**938,433**	**1,057,813**

Given the entry into force of the new regulatory framework known as Basel 3 from 1.1.2014, the table for Own Funds shows the comparative information as of 12.31.2013 which are not comparable as calculated in accordance with the provisions previously in force regulations in force at that date.

2.3 Capital adequacy

A. Qualitative information

Under the provisions of prudential supervision, the overall requirement is equal to the sum of the capital requirements prescribed in respect of credit risk and counterparty risk, credit valuation adjustment risk, settlement risk, and market and operational risk.

The methods of calculating capital requirements refer generally to standard methodologies (Standardized Approach) and the basic method (basic indicator approach, "BIA") with regard to operational risk.

The capital management policies of the Banca Sella Group are intended to ensure that the capital base is consistent with the level of risk assumed, with regulatory constraints and with the development plans of the company.

At 31 December 2014, the capital ratios were higher than the minimum requirements of the relevant regulations in force at the time:

a. Common Equity Tier 1 ratio: amounted to 8.95% compared to a minimum of 7% (including the capital conservation buffer of 2.5%);
b. Tier 1 ratio: amounted to 8.96% compared to a minimum level of 8% (including the capital conservation buffer of 2.5%);
c. Total Capital ratio, amounted to 11.72% compared to a minimum of 10.5% (including the capital conservation buffer of 2.5%).

B. Quantitative information

2.3 Capital adequacy

Categories / Values	Unweighted		Weighted / requirements	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
A. Risk				
A.1 Credit and counterparty risk	12,469,488	11,549,920	6,622,070	6,794,364
1. Standardized approach	12,469,488	11,549,920	6,622,070	6,794,364
2. Methodology based on internal ratings	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitization	-	-	-	-
B. Capital requirements of supervision				
B.1 Credit and counterparty risk			**529,847**	**543,549**
B.2 Risk of credit valuation adjustment			6,502	-
B.3 Risk Regulation			122	-
B.4 Market Risks			18,507	16,585
1. Standard method			18,507	16,585
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operational risk			85,452	82,127
1. Method base			85,452	82,127
2. Standardised Method			-	-
3. Advanced approach			-	-
B.6 Other calculation elements			-	-
B.7 Total prudential requirements			640,430	642,261
C. Risk assets and regulatory ratios				
C.1 Risk-weighted assets			8,005,373	8,028,264
Ratio (Tier 1) reported on 2013 budget			-	8.42%
C.2 Capital primary Class 1 / Risk-weighted assets (CET1 capital ratio)			8.95%	-
C.3 Capital Tier 1 / Risk-weighted assets (Tier 1 capital ratio)			8,96%	-
Overall ratio (total capital ratio) reported on 2013 budget			-	13.18%
C.4 Total capital / risk-weighted assets (Total capital ratio)			11.72%	-

Given the entry into force of the new regulatory framework known as Basel 3 from 1.1.2014, the table on the capital adequacy does not report comparative information as of 31.12.2013 in relation to B.2 and B.3 because it was not calculated in accordance with the previously applicable regulatory provisions in force until that date.

Section 3 - Regulatory insurance capital and ratios

The solvency margin calculated in accordance with the law, amounts, for the life insurance branch, to 27,212 million. For the non-life insurance branch the solvency margin amounted to 2.5 million, that is, the minimum guarantee provided for by Article. 46 of Legislative Decree no. 209 of 17 September 2005 and Articles 5 and 11 of ISVAP regulation no. 19 of 14 March 2008 and adjusted according to the indications of ISVAP n.3031 of 12/19/2012.These amounts are covered by the equity of the Company with a surplus of 19.819 million for the Non-Life and Capitalization and 1.679 million for non-life business.

SOLVENCY MARGIN

At 31 December, the solvency margin to be constituted, the guarantee fund, the total of the elements of the margin itself, separately for non-life and for the life branches, consist of the following amounts:

Amounts in thousands of euro	2014
Life branches	
Solvency margin to be constituted	27,212
Guarantee fund	9,071
Elements of the margin	47,031
Non-Life branches	
Solvency margin to be constituted	2,500
Guarantee fund	2,500
Elements of the margin	4,179

At the close of the year, the constitutive elements of the solvency margin of the life branch amounted to 47.031 million , for the non-life insurance branch it amounted to 4.179 million.

ADJUSTED SOLVENCY

The adjusted solvency at 31 December 2012, provided for in Article. 217 of Legislative Decree no. 209/2005 and made based on the requirements of Regulation ISVAP. 18 of 12 March 2008, presents the following situation:

Adjusted solvency	
(Amounts in thousands of euro)	**12/31/2014**
Amount of the required adjusted solvency margin	35,225
Total constituent elements	44,914
Surplus	9,689

The adjusted solvency margin does not benefit from the provisions introduced by ISVAP Regulation no. 43 of 12 July 2012.

Section 4 - The capital adequacy of the financial conglomerate

Gruppo Banca Sella does not enter on the list of identified financial conglomerates by the supervisory authories, therefore, this section is not completed.

Part G – Business mergers regarding companies or branches

Section 1 - Transactions carried out during the year

During the year 2014 there were no business mergers.

Section 2 - Transactions carried out after the end of the year

After year-end 2014, there were no business mergers.

Section 3 - Retrospective adjustments

Since during the year 2014 there have not occurred business mergers; there are no retrospective adjustments.

Part H - Transactions with related parties

1 - Information on the compensation of executives with strategic responsibilities

The group of related parties, on the basis of information provided by IAS 24, significant for the Banca Sella with reference to the specific organizational and governance, includes:

a) company subsidiaries over which the parent company exercises direct or indirect control;
b) associated companies over which the parent company, directly or indirectly, exercises significant influence;
c) directors and managers with strategic responsibilities;
d) close family members of directors and managers with a strategic responsibility;
e) company controlled or connected to one of the persons referred to in points c) and d).

With the 9th update of 12 December 2011, the Bank of Italy has introduced in the Circular. n 263, "New Minimum Capital Requirements for Banks", the new TITLE V - Chapter 5 (Section IV), "Risk assets and conflicts of interest in connected persons", in application of Resolution CICR, 29 July 2008, n. 277 and art. 53, paragraphs 4, 4 and 4-ter-quater of Legislative Decree 1 September 1993, n. 385.

The Bank of Italy introduced the aforementioned provisions, explaining that "The governing transactions with related parties aim to limit the risk that the proximity of certain people to decision-making centers of the bank might compromise the objectivity and impartiality of decisions on the allocation of financing and other transactions in the same subjects, with possible distortions in the allocation of resources, the bank's exposure to risks not being adequately measured or controlled and with potential damage to depositors and shareholders. "

Banca Sella Holding SpA, as Parent Company, has set up appropriate Group procedures for compliance with the provisions mentioned above whose general framework is dictated by two internal regulatory documents: the "Group Regulations on the management of transactions with related persons" and "internal control policies".

Both documents were approved by the Board of Directors of the parent company and, subsequently endorsed by the Bank.

In light of the Group's organizational structure, there are included in the scope of the "key management": the Directors and members of the Executive Board of Banca Sella Holding who perform the duties of direction, coordination and control.

The fees paid at 31 December 2014 to the above members of the Parent Company are shown in the following table:

Compensation paid to key management personnel (*) *in thousands of euros*

Items	Total 12/31/2014
a) Short-term benefits for employees	2,204
b) Post-employment Benefits	-
c) Other long-term benefits	-
d) Indemnity for termination of employment	127
e) Share-based payments	-
Total	**2,331**

(*) Including those who serve as directors

Below is shown a table that sets the fees approved for directors and statutory auditors of the parent company by the Group companies where these hold an office.

Compensation paid to Directors and Statutory Auditors *in thousands of euros*

Items	Total 12/31/2014
Board members	1,765
Mayors	206
Total	**1,971**

A final compensation, due for 2013, amounted to euro 2,017 (in thousands) for the Administrators and euro 220 (in thousands) for Auditors. These amounts are shown gross of VAT.

2 - Information on transactions with related parties

Transactions with related parties were carried out, as a rule, under conditions equivalent to those applied to transactions with independent third parties.

Intra-group transactions were carried out following assessments of mutual convenience, market conditions, with the aim of creating value within the Group.

In preparing the consolidated financial statements transactions and balances with related party transactions have been eliminated.

The table below shows the assets, liabilities, guarantees and commitments as at 31 December 2014 differentiated by the different types of related parties:

Transactions with related parties *(in thousands of euros)* 2014

	Subsidiaries	Associates	Directors and Executives	Parent companies
Credits	96	-	7	-
Debts	2,817	-	-4	-2
Guarantees issued	-		2	-
Guarantees received by the Group	173	1	3	-
Interest income	72	-	-	-
Interest expense	486	-	-1	-
Revenues from dividends	9	-	-	-
Revenues from commissions and fees	45	-	-	-

Part I - Payment agreements based on own equity instruments

Gruppo Banca Sella does not use this type of agreements.

Part L – Sector information

Sector information - Distribution by operational sectors

The "operating segments" identified at group level are as follows:

Commercial Bank Management

The Commercial Bank Management comprises the entities that have as their mission the development and management of customer relations, with particular reference to the government of the commercial banking offer, the activities of distribution and marketing initiatives implemented through the acquisition of knowledge of customer needs in order to anticipate the expectations and achieve the economic, growth and customer satisfaction targets. There is included in this area the Banca Sella company net of the part relating to services that constitute the Department of Payment Systems and Banking.

Finance Department

Finance is responsible for directing, coordinating and controlling the financial activities of the Gruppo Banca Sella pursuing a careful risk management and a strong liquidity position.

Finance is in charge of trading on its own account, carried out by the trading room of the homonymous area of business, management of the own securities portfolio of the parent company and of Corporate Finance.

Into Finance flows, therefore, the corresponding "operating segment" of Banca Sella Holding.

Management of Payment Systems and Banking Services

Banking services has as its mission to provide the Group with an adequate technical and organizational structure and to maintain maximum efficiency, operational excellence, innovation and quality. Its task is also providing outsourcing of the information systems to the banks and companies of the Group.

Banking services also has the responsibility for the Business Payment Systems.

There come together in this "operating segment" ancillary companies of the group (Immobiliare Lanificio M. Sella, Immobiliare Sella, Selvimm Two, Selir and Easy Nolo), entities of Banca Sella that refer to Payment Systems, Administration and IT.

Private Banking and Investment Product and Services Companies

As part of the Private Banking and Investment services and product companies there are entities whose business is mainly focused on the development of products or the provision of specialist services for investment.

Part of this "operating segment" are the companies Banca Sella & C. Heritage, Family Advisory Sella Gestioni, CBA Vita, Sella Life, Brosel and Selfid and some services of Banca Sella Holding (Corresponding Bank and Negotiation).

Credit Specialist Company

They are part of this "operating segment" companies operating in the banking sector with specific reference to the goods of leasing and consumer credit.

There are included in this area the companies Biella Leasing and Consel.

Central structure and different activities

The main component is represented by the bodies that carry out activities of governance, support and control of the other business segments of the group.

The central structure also includes the holding company and the companies no longer operating or in the process of disposal.

In central functions there converge, then, in addition to the General Management of the Group and staff functions and coordination of the parent company, the following companies: 2010 Budget, Miret, Sella Capital Management and Sella Synergy India.

Criteria for calculating the profitability of the sector:

The income statement of the operating segments have been prepared as follows:

- *For a company whose operativity was laid out for a plurality of "operating segments", it was decided to allocate the economic components relating to the basis of the evidence found by the management control. In particular:*
  - *Net interest income has been calculated using appropriate internal transfer rates;*
  - *They were quantified, as well as the actual fees, retrocessions also against the activities carried out by one entity in favor of another;*
  - *For the profits from the sale of financial assets held to maturity (item 100 c) and manufactured by a few companies of the group, recurring components were assessed and inserted, then, into the operating segment "Central structure and different activities";*
  - *There were calculated the costs of direct responsibility of each entity and there were charged fees for services rendered by one entity in favor of another.*
- *For the companies whose operativity was carried out entirely by a specific "operating segment" their income statement was reported entirely.*

The condensed income statement has been reclassified in a manner similar to that adopted in the Management Report.

Below is the table on the sector information - Distribution by operating segment:

Statement of sector information - Distribution by operating segment (in millions of euro)

	Commercial Bank	Finance	Payment systems and Banking services	Private Banking and Investment produce and services company	Specialized Credit	Central structure	Total
BALANCE SHEET:							
NET INTEREST INCOME (1)							
year 2014	196.1	17.0	1.6	15.2	58.8	1.7	290.3
year 2013	195.8	17.3	1.8	16.0	58.0	2.3	291.2
NET REVENUE FROM SERVICES							
year 2014	138.5	11.1	38.7	64.3	14.6	6.3	273.5
year 2013	131.4	13.2	39.6	52.4	17.3	0.9	254.9
TRADING INCOME							
year 2014	334.6	28.1	40.3	79.5	73.4	8.0	563.9
year 2013	327.2	30.5	41.4	68.4	75.3	3.2	546.1
OPERATING COSTS							
year 2014	-207.1	-10.0	-32.5	-54.3	-35.2	-22.8	-361.9
year 2013	-207.3	-9.7	-31.8	-48.6	-36.8	-23.4	-357.5
of which NET VALUE AJUSTMENTS ON TANGIBLE AND INTANGIBLE ASSETS							
year 2014	-6.8	-0.2	-17.0	-1.5	-1.5	-2.2	-29.2
year 2013	-7.2	-0.4	-17.4	-1.3	-1.5	-1.9	-29.6
OPERATING PROFIT							
year 2014	127.6	18.1	7.8	25.1	38.2	-14.8	201.9
year 2013	120.0	20.8	9.5	19.8	38.5	-20.1	188.6
WRITEDOWNS/WRITEBACKS FOR LOAN IMPAIRMENTS							
year 2014	-103.5	0.0	0.0	-0.1	-77.1	0.0	-180.7
year 2013	-105.7	0.0	0.0	-0.2	-31.3	-0.9	-138.2
PROFIT (LOSS) FOR CURRENT OPERATIONS NET OF TAXES							
year 2014	15.9	18.1	7.6	24.2	-39.5	78.8	105.1
year 2013	28.0	20.8	9.3	18.6	7.5	-21.4	62.9
PROFIT (LOSS) FOR THE YEAR							
year 2014	10.1	12.5	5.5	16.6	-25.8	50.9	69.9
year 2013	17.4	12.6	5.0	10.4	4.4	-11.4	38.3
OTHER INFORMATION:							
TOTAL BALANCE SHEET ASSETS (before adjustments)							
year 2014	10,549	2,936	145	2,370	2,352	956	
year 2013	10,140	2,259	142	2,063	2,171	1,012	
LOANS TO CUSTOMERS (before adjustments)							
year 2014	6,943	225	18	316	2,174	0	
year 2013	7,182	407	18	305	1,993	0	
DUE TO CLIENTS (before adjustments)							
year 2014	8,555	20	1	751	274	19	
year 2013	7,850	72	1	607	36	23	
OUTSTANDING SECURITIES (before adjustments)							
year 2014	955	439	0	14	276	0	
year 2013	1,146	428	0	14	151	0	
N. EMPLOYEES							
year 2014	2,344	60	983	323	321	130	4,161
year 2013	2,352	56	854	306	328	146	4,042

(1) = The interest income is reported net of interest expense under the item Net interest income (IFRS 8 paragraph 23)

Segment information – distribution by geographical area

The information by geographical sectors required by IFRS 8 shows a summary of the operating highlights of Italy, which is the area in which much of the activity of the Group is focused, and the World.

Below is the table on sector information – distribution by geographical area:

Statement of sector information - geographical distribution (in millions of euro)

	Italy	Rest of the World	Total
BALANCE SHEET:			
NET INTEREST INCOME (1)			
year 2014	289.2	1.1	290.3
year 2013	289.7	1.5	291.2
NET REVENUE FROM SERVICES			
year 2014	269.9	3.6	273.5
year 2013	253.2	1.6	254.9
TRADING INCOME			
year 2014	559.1	4.7	563.9
year 2013	543.0	3.2	546.1
OPERATIONAL COSTS			
year 2014	-359.2	-2.7	-361.9
year 2013	-357.1	-0.4	-357.5
of which NET VALUE ADJUSTMENTS ON TANGIBLE AND INTANGIBLE ASSETS			
year 2014	-28.5	-0.7	-29.2
year 2013	-29.0	-0.6	-29.6
OPERATING PROFIT			
year 2014	199.9	2.0	201.9
year 2013	185.8	2.8	188.6
WRITEDOWNS/WRITEBACKS ON IMPAIRMENT OF LOANS			
year 2014	-180.7	0.0	-180.7
year 2013	-137.3	-0.9	-138.2
PROFIT (LOSS) OF CURRENT OPERATIONS BEFORE TAXES			
year 2014	103.3	1.7	105.1
year 2013	61.0	1.9	62.9
PROFIT (LOSS) FOR THE YEAR			
year 2014	69.2	0.7	69.9
year 2013	36.0	2.3	38.3
OTHER INFORMATION:			
TOTAL BALANCE SHEET ASSETS (before adjustments)			
year 2014	18,630	677	
year 2013	17,108	679	
LOANS TO CUSTOMERS (before adjustments)			
year 2014	9,676	0	
year 2013	9,905	0	
DUE TO CUSTOMERS (before adjustments)			
year 2014	9,620	1	
year 2013	8,587	1	
OUTSTANDING SECURITIES (before adjustments)			
year 2014	1,683	0	
year 2013	1,738	0	
N. EMPLOYEES			
year 2014	3,581	580	4,161
year 2013	3,542	500	4,042

(1) = The interest income is reported net of interest expense under the item Net interest income (IFRS 8 paragraph 23)

Other information

It follows from the information of other business communications, available on the website of the Group www.gruppobancasella.it such as:

Disclosure pursuant to ex art. 89 - Communication by country - Directive 2013/36/EU ("CRD IV")

The 4th update of Circular 285/2013 of the Bank of Italy, in Part One (Title III, Chapter 2), transposed into Italian law also the public disclosure under Article. 89 - Communication by country - Directive 2013/36/EU ("CRD IV"), which introduces obligations to publish information about the activities of banks broken down by individual country of settlement, as an annex to the financial statements or on the entity website. Gruppo Banca Sella gives that information on the following website: www.gruppobancasella.it/bsh/investor_relations

Disclosure pursuant to Bank of Italy Circular n. 263 of 27 December 2006 (Title IV, Chapter 1).

Pillar 3 of Basel (Pillar III) introduces obligations to inform the public regarding capital adequacy, risk exposure and the general characteristics of the systems for management and control. Gruppo Banca Sella publishes the information in quantitative and qualitative tables, on the following website: www.gruppobancasella.it/bsh/investor_relations

Report of Independent Auditors

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AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39 OF 27 JANUARY, 2010

To the Shareholders of
BANCA SELLA HOLDING S.p.A.

1. We have audited the consolidated financial statements of Banca Sella Holding S.p.A.and subsidiaries ("Banca Sella Group") as of and for the year ended December 31, 2014, which comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the related notes to the financial statements. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, the data of which are presented for comparative purposes, reference should be made to our auditors' report issued on 10 April, 2014.

3. In our opinion, the consolidated financial statements of Banca Sella Holding S.p.A. as of and for the year ended December 31, 2014 comply with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of the Italian Legislative Decree n. 38/2005; accordingly, they give a true and fair view of the financial position of Banca Sella Holding S.p.A., and of the results of its operations and its cash flows for the year then ended.

4. The Directors of Banca Sella Holding S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable law and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on the corporate governance, with reference to the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 2, letter b), with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 2, letter b) included in the specific section on corporate governance are consistent with the consolidated financial statements of Banca Sella Group as of, and for the year ended 31 December, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Turin, Italy
April 14, 2015

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