

## **PRESS RELEASE**

### **Farbanca: draft financial statements for year ended as at 31 December 2011 approved by the Board of Directors**

- **Loans to customers amount to EUR 471 million (+4%)**
- **Direct deposits total EUR 358 million (+27%)**
- **Net interest income up 9%**
- **Net fee and commission income up 24%**
- **Operating costs fall by 9%**
- **Cost/income ratio stands at 43%**
- **Net income of EUR 3.18 million (+57%)**
- **Proposed dividend of EUR 0.55 per share**

The Board of Directors of Farbanca SpA, an institution forming part of the Banca Popolare di Vicenza Group which specialises in providing banking services to the Pharmacy industry, approved the draft financial statements for the year ended as at 31 December 2011.

From an economic point of view, despite the negative economic situation, **net interest income amounted to EUR 8.3 million (+9% over 2010)** in the year just closed, therefore offsetting the increase in the average cost of medium-term institutional deposits and short-term liquidity.

Due to a continuation of the policy to rebalance income from services with respect to net interest income, **net fee and commission income came to EUR 2.1 million**, up markedly over 2010 (+24.4%), thanks to both the contribution from loans, and payment systems (cards and POS terminals in particular).

**Net income from financial activities** totalled EUR 9.7 million, marking an increase of 17.4%. Said income takes account of net impairment adjustments to loans of EUR 656 thousand;

Total **operating costs**, standing at EUR 4.4 million, recorded a decrease of 9% compared to the previous year. The **cost/income ratio** came to 42.7%, a net improvement compared to 50.4% in 2010.

**Net income amounted to EUR 3,180 thousand as at 31 December 2011**, compared to EUR 2,021 thousand in 2010, **growth of 57.3%**.

In terms of volumes, **loans to customers** increased during the year (+3.9% compared to 31 December 2010), amounting to EUR 471 million, thanks to the strong contribution from the medium/long-term component (+13%). The actual amount disbursed in new loans came to roughly EUR 65 million. Impaired loans accounted for 1.25% of net loans. Non-performing and watchlist loans were 70% and 21% covered respectively, while performing loans were 0.45% covered.

**Direct deposits** totalled EUR 358 million, up 27.5% in the year, thanks to the positive contribution from all components: the growth in current account funds (+3.5%) and bonds (+36.2%) was especially significant, an effect of the placement of new institutional bonds (amounting to EUR 69 million), while during the phase of renewal of retail bonds, customers preferred restricted deposits (placed for more than EUR 5 million), confirming the Bank's capacity to bring new products into line with changing customer needs.

**Share capital** amounted to more than EUR 28 million; Farbanca is subject to the management and coordination activities of Parent Bank Banca Popolare di Vicenza, the majority shareholder with a current stake of 52.1%, with more than 470 private shareholders, predominantly pharmacists. Shareholders' equity, including income for the year, reached EUR 41.3 million.

This result allows the Board to propose the distribution of a dividend of EUR **0.55 per share** and, therefore, an increase of 10% over the dividend paid in the three previous years.

As outlined in the customary "**Letter to shareholders**" from Chairman Enrico Marré, "the year that has just got underway began amid the uncertainties linked to the actual realisation of the consequences of deregulation, with a heavy impact at industry level but diversified at individual pharmacy level; in this sense, it will be important for all pharmacists to have the capacity to respond quickly with greater entrepreneurial commitment and stimulus to the market.

The Bank's development will be shaped by the cost and availability of liquidity at banking system level: therefore it is our duty to thank customers that place their confidence in us, but also to remind our pharmacist colleagues - especially those who are still not customers - to use Farbanca to invest their personal savings, thus helping to make new investments possible which benefit the industry".



The draft financial statements for 2011 will be presented to the Ordinary Shareholders' Meeting, called at the company's registered office in Bologna, Via Imerio n. 43/B (second call), **on 29 March 2012, at 14.00.**

A copy of the 2011 draft financial statements will be available to the public in the company's registered office and on the website *www.farbanca.com* from 13 March 2012.

Bologna, 16 February 2012

**Attachments**

The Statement of Financial Position and Income Statement are attached.

**STATEMENT OF FINANCIAL POSITION**

<b>Assets</b>	<b>31 DECEMBER 2011</b>	<b>31 DECEMBER 2010</b>
10. Cash and cash equivalents	72,733	13,804
20. Financial assets held for trading	38	13
40. Financial assets available for sale	10,613	10,613
60. Loans to banks	6,065,080	2,223,954
70. Loans to customers	470,811,468	453,318,923
100. Equity investments	40,988	40,988
110. Tangible assets	92,515	143,487
120. Intangible assets	8,335	4,752
130. Tax assets	327,570	468,142
a) current	20,570	160,474
b) prepaid	307,000	307,668
150. Other assets	16,701,965	16,217,220
<b>Total assets</b>	<b>494,131,305</b>	<b>472,441,896</b>
<b>Liabilities</b>	<b>31 DECEMBER 2011</b>	<b>31 DECEMBER 2010</b>
10. Amounts owed to banks	92,405,656	150,473,243
20. Amounts owed to customers	98,786,468	90,441,774
30. Securities in issue	258,962,537	190,157,499
80. Tax liabilities	808,711	38,846
a) current	806,831	36,966
b) deferred	1,880	1,880
100. Other liabilities	1,165,278	1,043,426
110. Staff severance indemnity	75,260	74,465
120. Provisions for risks and charges:	645,477	698,597
b) other provisions	645,477	698,597
160. Reserves	4,895,555	4,286,355
170. Share premium	4,964,286	4,964,286
180. Capital	28,242,100	28,242,100
200. Profit (Loss) for the year (+/-)	3,179,977	2,021,305
<b>Total Liabilities and Shareholders' Equity</b>	<b>494,131,305</b>	<b>472,441,896</b>

INCOME STATEMENT

Items	31 DECEMBER 2011	31 DECEMBER 2010
10. Interest and similar income	17,774,025	1,207,839
20. Interest and similar expenses	(9,459,798)	(4,580,373)
<b>30. Net interest income</b>	<b>8,314,227</b>	<b>7,627,466</b>
40. Commission income	2,306,525	1,952,870
50. Commission expense	(224,443)	(279,200)
<b>60. Net fee and commission income</b>	<b>2,082,082</b>	<b>1,673,670</b>
80. Net income from trading activities	1,399	128
100. Profit (loss) from sale or repurchase of:	8,576	6,594
b) financial assets available for sale	-	202
d) financial liabilities	8,576	6,392
<b>120. Net interest and other banking income</b>	<b>10,406,284</b>	<b>9,307,858</b>
130. Net adjustments/ write-backs due to impairment of:	(665,891)	(1,012,787)
a) loans	(655,541)	(1,012,356)
d) other financial transactions	(10,350)	(431)
<b>140. Net income from financial activities</b>	<b>9,740,393</b>	<b>8,295,071</b>
150. Administrative costs	(4,478,431)	(4,609,370)
a) personnel costs	(2,388,807)	(2,619,905)
b) other administrative costs	(2,089,624)	(1,989,465)
160. Net provisions for risks and charges	(7,000)	(194,859)
170. Net value adjustments/write-backs to tangible assets	(53,312)	(57,155)
180. Net value adjustments/write-backs to intangible assets	(8,332)	(12,471)
190. Other operating income/ charges	100,063	(13,091)
<b>200. Operating costs</b>	<b>(4,447,012)</b>	<b>(4,886,946)</b>
240. Profit (loss) from the sale of investments	-	(219)
<b>250. Profit (loss) from current operations before taxes</b>	<b>5,293,381</b>	<b>3,407,906</b>
260. Income taxes on current operations	(2,113,404)	(1,386,601)
<b>270. Profit (loss) on current operations after taxes</b>	<b>3,179,977</b>	<b>2,021,305</b>
<b>290. Profit (loss) for the year</b>	<b>3,179,977</b>	<b>2,021,305</b>