PRESS RELEASE - FIRST NINE MONTHS OF 2014

Banca IFIS's excellent results driven by credit quality
Satisfaction also for the high total capital ratio: 14,9%

The CEO Giovanni Bossi: "An improvement perceived in all impaired trade receivables".

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First nine months of 2014
1 January-30 September

- Net banking income: 210,8 million Euro (+8,6%)
- Profit for the period: 74,2 million (+10,5%)
- Net profit from financial activities: 181,1 million Euro (+13,5%)
- Non performing loans on loans ratio in the Trade Receivables sector: 1,5% at September 2014 from 2,6% at December 2013
- NPL coverage ratio: 86,6% at September 2014 from 78,4% at December 2013
- Cost of credit quality: 189 bp (333 bp at 30 September 2013)
- Hiring up: over 89 new resources employed by the Group
- Constant improvement of Total Capital Ratio: 14,9%

3rd quarter 2014
30 June-30 September

- Net banking income: 67,8 million Euro (+8,6%)
- Net profit from financial activities: 59,3 million Euro (+9,5%)
- Net profit: 24,1 million Euro (+4,6%)

Comment on operations

Mestre, 28 October 2014 – The Board of Directors of Banca IFIS met today under the chairmanship of Sebastien von Furstenberg and approved the interim report for the first nine months of 2014.

"Excellent credit quality is the key element of this last quarter – stated the CEO **Giovanni Bossi** – and it should be noted that this result was achieved although the scenario is still adverse. The improvement is not limited to bad loans, which have become substantially negligible: it involved all impaired loans categories in general. This confirms that our business model, which supports SMEs without prejudice to credit quality, is successful. The results – Mr Bossi added – are satisfying in terms of profits, equity, and available liquidity. In the next quarters, then, the Bank will continue to support Italy's real economy, generating positive returns for shareholders and improving its growth prospects".

Operating performance

Consolidated Income Statement analysis

Net banking income increased by 8,6% to 210,8 million Euro (compared to 194,1 million Euro in the prior-year period), due to the constantly growing net interest income and to the commissions earned for management and guarantee services provided by the Group to companies.

The Trade Receivables segment made an outstanding contribution to consolidated net banking income, i.e. 55,0% of the total (46,7% at 30 September 2013) with a 27,9% growth.

The other segments made the following contributions: DRL (Distressed Retail Loans) segment 9,5% (10,0% at 30 September 2013), Tax Receivables 3,9% (3,9% at 30 September 2013), Governance and Services 31,6% (39,4% at 30 September 2013).

The +27,9% rise in the net banking income of the Trade Receivables segment (116,0 million Euro compared to 90,7 million Euro in the prior-year period) was due, on the one hand, to the higher number of financed companies (+14,2% for over 4.100 SMEs) – the segment's turnover exceeded 5,8 billion Euro compared to 3,9 billion Euro in the first nine months of 2013 (+48,6%) – and, on the other hand, the increase in interest on arrears collected by the Pharma business area (14,8 million Euro compared to 4,3 million Euro in the prior-year period). In particular, the Pharma business area's collections and turnover grew during the first nine months of 2014 from the prior-year period figures. Notably, collections increased by 10,0%.

Net banking income in the DRL segment, which deals with acquiring and managing non-performing loans in the consumer credit segment, totalled 20,0 million Euro compared with 19,4 million Euro in the prior-year period (+3,3%). It should be noted that the trend in net banking income is not representative of the DRL segment's operating performance since, as far as bad loans in the DRL segment are concerned, it does not account for the economic impact of the changes in expected cash flows, which are recognised under impairment losses/reversals on receivables according to the Bank's current interpretation of IAS/IFRS. On the other hand, from the operating viewpoint, the DRL segment's operating performance shall be recognised accounting for this item, too.

The Tax Receivables segment was 8,1 million Euro (7,6 million Euro at the end of the first nine months of 2013, +7,2%). The result at 30 September 2013 included the double impact of the revision of estimated cash flows, higher than expected, and debt collection time, shorter than expected, of 3,5 million Euro. Also, in the first nine months of 2014 a non-recurring item was also recognised, referred to the collection of an impairment loss of the former Fast Finance (1,2 million Euro). Net of these non-recurring items, net banking income for the first nine months of 2014 was up 68,3%, rising from 4,1 million Euro in 2013 to 6,9 million Euro in 2014.

The Governance and Services segment amounted to 66,6 million Euro, compared to 76,5 million Euro at 30 September 2013. The performance reflects the lower margins in terms of interest income on the securities portfolio (82,6 million Euro compared to 95,2 million Euro in 2013), the result of both lower average returns, and the cost of retail funding exceeding core loans and held in order to guarantee an adequate level of liquidity under economic stress scenarios.

In the **third quarter**, net banking income stood at 67,8 million Euro, from 62,4 million Euro in the third quarter of 2013 (+8,6%). Trade Receivables contributed 37,4 million Euro (+12,3% vs. 33,3 million Euro), the DRL segment contributed 7,1 million Euro (+55,7% vs. 4,5 million Euro), Tax Receivables contributed 3,8 million Euro (+82,1% vs. 2,1 million Euro) and the Governance and Services segment contributed 19,5 million Euro compared to 22,5 million Euro in the prior-year period (-13,1%).

Net impairment losses on receivables stood at 29,7 million Euro, compared to 34,5 million Euro at 30 September 2013 (-14,1%). This trend is partly due to the Bank's strict policy on provisions, aimed at improving the assets' quality, and to a decrease in new impaired loans, thanks to the adequate standards applied by the Bank in the previous quarters when assuming credit risks.

The decrease in impairment losses resulted in a significant improvement in the ratio of ***credit risk cost*** to the Group's overall average loan balance over the last 12 months, down to 189 bp from 333 bp at 30 September 2013. The ratio of bad loans to loans in the trade receivables segment decreased to 1,5% from 2,6% at 31 December 2013. NPL coverage ratio at September 2014 is equal to 86,6% (78,4% at December 2013).

The Group's **net profit from financial activities** totalled 181,1 million Euro compared to 159,6 million Euro at 30 September 2013, up 13,5%.

The net profit from financial activities in the Trade Receivables segment rose by 58,8% to 86,0 million Euro compared to 54,2 million at 30 September 2013, due to the increase in net banking income and the fall in impairment losses on loans and receivables; the DRL segment stood at 20,3 million compared to 21,0 million at 30 September 2013 (-3,4%); the Tax Receivables segment stood at 8,3 million Euro compared to 8,0 million at 30 September 2013, up 3,2%; the Governance and Services segment fell 12,9% to 66,6 million Euro, compared to 76,4 million Euro in the prior-year period.

The DRL segment's performance in the period was influenced by the new credit collection system with higher use of the settlement plans (voluntary payment instalments) instead of bills of exchange. It should be noted that total funding of the above-mentioned financial instruments totalled 106,6 million Euro in the first nine months of 2014, while in the prior-year period bills of payment – the only available instrument – totalled 59,0 million Euro. Collections made in the first nine months of 2014 amounted to 25,6 million compared to 20,8 million in the prior-year period. In particular settlement plans agreed with the debtors (generating an increase in debtors' underwriting) impact the income statement about one quarter after the date they are signed, due to the conservative approach adopted by the Bank. Recognition at amortised cost only happens when the customer has paid an amount at least equal to three monthly instalments.

In the **third quarter**, net profit from financial activities totalled 59,3 million Euro (+9,5% compared to 54,1 million Euro in the third quarter of 2013). Trade receivables contributed 29,8 million Euro (+22,7% compared to 24,3 million Euro in the third quarter of 2013), the DRL segment contributed 6,0 million Euro (+13,4% compare to 5,3 million Euro in the prior-year period); tax receivables contributed 4,0 million Euro (+89,1% compared to 2,1 million Euro in the second quarter of 2013); the Governance and Services segment contributed 19,5 million Euro compared to 22,5 million Euro at 30 September 2013 (-13,1%).

At 30 September 2014, **operating costs** rose 26,8%, from 55,0 million Euro in the first nine months of 2013 to 69,7 million Euro, in view of the goal to strengthen some areas and services supporting the business and the scenario in which the Group operates. Several new staff was recruited—over 89 additional staff in the first nine months of 2014 alone.

The **cost/income ratio** (operating costs to net banking income) stood at 33,1% at 30 September 2014 compared to 28,3% at 30 September 2013. The increase was mainly attributable to the 1,5 million Euro non-recurring provision for the share of the FITD's intervention, net of which the cost/income ratio is 32,3%. The ratio also rose due to the proportional stamp duty costs (the so-called "mini wealth tax") concerning retail funding, which grew by nearly 1,0 million Euro compared to 30 September 2013 following the hike in the tax rate for 2014 and that, as a result of the Bank's commercial policy, are not charged back to customers. Personnel expenses, totalling 31,5 million Euro compared to 27,2 million Euro, rose 15,8% compared to 30 September 2013; this increase is essentially the result of the higher number of the Group's employees, amounting to 602 at the end of the period (compared to 536 at 30 September 2013). Outsourced services also include the fees paid to debt collection companies for the collection of receivables in the DRL segment, which are proportioned to the amounts recovered. Costs increased due to stamp duty costs for retail funding, which have been described above, and also to consulting fees due to the re-engineering of business processes and the internal control system (to comply with new prudential regulations for banks concerning the internal control and IT system as well as business continuity). Finally, an increase was registered in costs relating to the brands Credi Impresa Futuro and CrediFamiglia. Other administrative expenses include fees paid to agents and debt collection companies for the collection of receivables in the DRL segment, which fell from 3,9 million Euro at 30 September 2013 to 3,8 million Euro at 30 September 2014.

Pre-tax profit for the period stood at 111,4 million Euro, an increase of 6,5% compared to 104,6 million Euro at 30 September 2013.

Income tax expense amounted to 37,2 million Euro, down 0,7% from the prior-year period (37,5 million Euro at 30 September 2013). The Group's tax rate fell from 35,9% at 30 September 2013 to 33,4% at 30 September 2014, mainly due to the deduction of impairment losses on receivables from the taxable IRAP.

Profit for the period totalled 74,2 million Euro, compared to 67,1 million Euro at 30 September 2013 (+10,5%).

In the **third quarter**, gross profit for the period amounted to 36,2 million compared to 36,2 million in the prior-year period, while net profit for the period amounted to 24,1 million Euro compared to 23,1 million in the second quarter of 2013 (+4,6%).

Consolidated Statement of Financial Position analysis

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

At the end of the period, total **loans to customers** reached 2.588,0 million Euro, edging up by 12,7% or +291,4 million Euro compared to 2.296,9 million Euro at the end of 2013. Trade Receivables increased by 204,9 million Euro compared to year-end 2013 (+10,6%). The sharp growth in loans occurred despite significant collections concerning positions due from the Public Administration. Receivables due from the Public Administration at 30 September 2014 accounted for 24,3% of total receivables in the segment compared to 27,0% at 31 December 2013, while receivables due from the private sector accounted for 75,7% (compared to 73,0% at 31 December 2013). Distressed retail loans rose by 38,9 million Euro (+30,4%) and tax receivables rose by 24,1 million Euro (+26,7%). As far as the Governance and Services segment is concerned, a 77,5 million Euro increase (+96,8%) was registered in margin lending related to repurchase agreements in government bonds on the MTS platform. Reverse repurchase agreements with Cassa di Compensazione e Garanzia outstanding at the end of 2013 came to maturity, leading to a 52,7 million Euro decrease.

With regard to activities in support of SMEs, the loans duration was confirmed as short-term, in line with the strategy to support working capital that represents the Bank's core business.

Total net impaired loans amounted to 291,5 million Euro, compared to 291,1 million Euro at the end of 2013 (+0,1%). In the Trade Receivables segment, whose performance is crucial for the purpose of assessing the Bank’s overall credit quality, total impaired loans dropped 23,4%, from 162,6 million Euro at the end of 2013 to 124,6 million Euro.

The ***ratio of bad loans to loans in the Trade Receivables segment*** improved sharply, falling from 2,6% at the end of 2013 to 1,5% at September 2014.

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

Total **net bad loans** to customers at 30 September 2014, net of impairment losses, were 33,0 million Euro, compared to 50,8 million Euro in December 2013 (down 35,1%). This decrease is due to the slowing pace of new bad loans, the gains arising from some items that had already been classified as bad loans in previous years, as well as the adjustments made during the period.

At the end of the period, total **substandard loans** were 45,9 million Euro, compared to 61,8 million Euro in December 2013 (-25,7%).

Past due loans, referring exclusively to the Trade Receivables segment, totalled 29,5 million Euro, compared with 41,7 million Euro at the end of 2013 (-29,1%). Net past due loans refer for 8,7 million Euro (6,0 million Euro at the end of 2013) to receivables due from the Public Administration purchased outright as part of financing operations.

The positive trend of impaired loans despite the adverse economic scenario is also due to the correct balance of the model for assuming credit risk and the careful management of loans to customers. The Bank will continue to be committed to all these aspects with the aim of ensuring excellent loan credit quality.

Available for sale (AFS) financial assets include debt and equity securities and at 30 September 2014 stood at 414,8 million Euro, down 83,6% compared to 2.529,2 million Euro at the end of 2013. The valuation reserve, net of the tax impact, amounted to 7,3 million Euro at 30 September 2014 (-8,6 million Euro compared to the end of 2013). The change in the size of the portfolio from the end of 2013 is the main reason for the decrease in the fair value of securities classified under AFS financial assets; although it had no operating impact and some assets have already been repaid, it caused the Group's Equity to fall by 8,6 million Euro.

The portfolio of held to maturity financial assets stood at 5.095,0 million Euro at 30 September 2014, down 12,4% compared to the end of the previous year, and consists of Italian government bonds with residual maturity at the time of purchase of over one year. At the reporting date, the HTM portfolio showed unrecognised net capital gains amounting to 168,0 million Euro before taxes. These capital gains were not recognised according to the amortised cost method applicable to this portfolio.

At 30 September 2014, **receivables due from banks** totalled 294,8 million Euro, compared to 415,8 million Euro at 31 December 2013 (-29,1%). This item includes some securities not listed on an active market with banking counterparties, totalling 11,0 million Euro (-54,1% compared to 31 December 2013), and treasury loans with other lenders, amounting to 283,8 million Euro (-27,6% compared to 31 December 2013), largely related to maintaining excess liquidity in the system.

The three above items comprise the whole portfolio of debt securities outstanding at the end of September 2014, which is detailed below according to their maturity:

The debt securities portfolio at 30 September 2014 amounted to 5.507,9 Euro, down 34,1% from 31 December 2013 as a result of 3.118,0 million Euro in redemptions of bonds maturing in the period. The Bank does not carry out any trading activity on the security portfolio. Based on the characteristics of the securities and in accordance with IAS 39, they were classified as either available for sale financial assets, held to maturity financial assets, or receivables due from banks. At the end of the period, 7,8% of securities in the portfolio would mature in December 2014, 40,4% in December 2015, 13,8% in December 2016, and 38,0% in 2018.

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

Total **funding**, which amounted to 7.950,1 million Euro at 30 September 2014, down 26,7% compared to 31 December 2013, is represented for 92.0% by **Payables due to customers** (compared to 38,5% at 31 December 2013) and for 8,0% by **Payables due to banks** (compared to 61,5% at 31 December 2013).

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

The significant decrease in Payables due to banks compared to the end of the previous year is due to the fact that the Bank carried out less refinancing operations on the Eurosystem, rather using the MTS platform and dealing with Cassa di Compensazione e Garanzia as counterparty (classified as payables due to customers). The Bank turns to the ECB or the MTS platform exclusively based on which is more convenient. The tensions observed in the liquidity market towards the end of 2013, causing interest rates on the MTS platform to rise slightly and making it more convenient to turn to the Eurosystem, gradually abated during 2014. Therefore, the Bank once again turned almost exclusively to the MTS platform.

Payables due to customers at 30 September 2014 totalled 7.317,6 million Euro (+75,1% compared to the end of 2013). Such remarkable increase was mainly due to the greater use of repurchase agreements with underlying Government bonds and Cassa di Compensazione e Garanzia as counterparty, amounting to 3.607,0 million Euro at the end of the period (compared to 263,7 million Euro at the end of 2013). Despite the decrease in interest rates to bring them in line with the market, which benefited the Bank, retail funding, carried out through the rendimax savings account and the contomax current account, amounted to 3.636,9 million Euro at 30 September 2014 vs. 3.868,1 million Euro in December 2013 (-6,0%). The Bank still bears proportional stamp duty costs on rendimax and contomax, which amount to 0,20%.

Payables due to banks, amounting to 652,6 million Euro (compared to 6.665,8 million Euro at 31 December 2013), mainly consisted of funding from refinancing operations on the Eurosystem for 507,2 million Euro, compared with 6.656,5 million Euro at 31 December 2013. These amounts include LTRO transactions of 500.0 million Euro at a 0,05% rate (ECB's key interest rate) maturing on 26 February 2015. Refinancing operations with the Eurosystem are made by using debt securities held in the Bank's portfolio and by issuing and repurchasing 138,0 million Euro in bonds that the Italian Government had guaranteed for a three-year period and 69,0 million Euro in bonds the Government had guaranteed for a five-year period, paying 1,03% in fees.
The remainder of payables due to banks consists of 125,4 million Euro in interbank deposits, including 103,0 million Euro on the E-Mid platform.

At 30 September 2014, consolidated **Equity** was 418,3 million Euro, compared to 380,3 million Euro at 31 December 2013 (+10,0%). The change is mailnly the result, on the one hand, of the profit for the period, and on the other, of the fall in the valuation reserve on AFS securities to the tune of 8,6 million Euro, as well as for the dividend distributed.

Capital adequacy ratios were calculated in accordance with Basel 3 regulations that require for the inclusion of the Bank's Parent Company, La Scogliera S.p.A., in the consolidation scope. Core Tier 1 and Solvency ratios are therefore classified in accordance with the Common Equity Tier 1 and total capital ratios, standing at 14,6% and 14,9%, respectively. The same ratios calculated on the basis of previous regulations stand at 14,7% and 14,5%, respectively.

Outlook

The Group's prospects for the end of 2014 remain steadily positive, despite growth in the macroeconomic scenario in which the Bank operates is expected to resume only in 2015.

On the economic front, expectations are still definitely negative. GDP is expected to increase only in 2015; inflation is largely below the ECB's expectations and targets and unemployment, mainly among the young, is still at alarming levels.
As for the European monetary policy, after the recent actions aimed at reducing the cost of money for the banks operating in the Eurosystem, the ECB will intervene more actively in the market: the impact on the availability of lending to the real economy and the costs/returns of debt and assets will need to be assessed. The current imbalance in the Eurozone would require a price growth trend, notably in Northern countries. Based on the political issues analysed, this scenario is not likely to occur, entailing a more severe restructuring process for Southern countries. However, within this context, supply-focused policies may not be sufficient, if they are not supported by demand-side measures. Furthermore, the EU common policy will seemingly not generate positive systematic solutions.

The Bank can count on sustainable margins thanks to the soundness and flexibility of its business model.
Operations in support of *businesses* could be positively influenced by the opportunities to acquire new customers and new loans. A key factor is the protracted scarce availability of lending to businesses. This is attributable both to non-specialist banks' use of conventional credit instruments in supporting businesses, and to the credit system's intention to improve equity ratios, aimed at reducing risks or capital absorption of loans of operators with lower credit rating. The performance will in any case depend on the trend in credit quality, a key variable for the banking market in challenging economic times. Should the excellent signs of improvement be confirmed, it would bolster the Group's operations as far as lending to SMEs is concerned. This could both prompt the Bank to step up its efforts and positively impact returns on loans net of credit costs.

As far as *Non-Performing Loans* are concerned, following the conclusion of transactions recognised in the third quarter, the Bank will continue to pay attention to the several portfolios of receivables due from households that originators are expected to place on the market. The outcome of bids will also be influenced by the attention paid by international operators to offers and prices.
The Bank will relentlessly continue to buy the portfolios offered by the sellers in all segments, adopting also innovative direct approaches to intervene faster.
As far as the management of portfolios is concerned, the focus on debt sustainability and the possibility of extending payments terms will most probably be crucial to boost the turnover and profitability of this business area, which operates in a social segment that has been badly hit by the crisis. In this segment, the introduction of new position collection and management instruments and the necessarily conservative accounting of expected cash flows temporarily influenced the business area’s results in the first part of the year. Expected acceleration will depend on the continuation of this negative trend and on any difficulties arising from the implementation of the new collection methods, through which the Bank can often sharply improve the quality of its portfolios, with long-term effects, following particularly strict margin recognition policies.

As for the *Tax Receivables* segment, which is strongly dependent on the time it takes for the Italian Treasury to make payments, the Bank is very actively acquiring often sizeable positions, given the good medium-term profitability of these investments.

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

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

The current trends in market rates have made it no longer profitable for the Bank to continue purchasing Government bonds, a policy which ended at the end of 2013. The portfolio will continue to shrink over time as the bonds mature.

Therefore, the Group can reasonably expect a positive profit trend in the near future.

Significant subsequent events

Cancellation of Government-backed bonds

On 15 October 2014 Banca IFIS, after having obtained the necessary authorisations, cancelled its bonds backed by the Italian Government in full. Such bonds, issued in January 2012 for a total amount of 207,0 million Euro, had been bought back in full by the Bank at the time of issue and were never placed on the market.

Declaration of the Corporate Accounting Reporting Officer

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

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Consolidated statement of financial position

	Assets (in thousands of Euro)	AMOUNTS AT		CHANGE	
		30.09.2014	31.12.2013	ABSOLUTE	%
10	Cash and cash equivalents	23	30	(7)	(23,3)%
20	Financial assets held for trading	-	10	(10)	(100,0)%
40	Available for sale financial assets	414.768	2.529.179	(2.114.411)	(83,6)%
50	Held to maturity financial assets	5.094.994	5.818.019	(723.025)	(12,4)%
60	Due from banks	294.844	415.817	(120.973)	(29,1)%
70	Loans to customers	2.588.009	2.296.933	291.076	12,7%
120	Property, plant and equipment	50.865	40.739	10.126	24,9%
130	Intangible assets	6.724	6.361	363	5,7%
	of which:				
	- goodwill	*834*	*837*	*(3)*	*(0,4)%*
140	Tax assets	34.848	37.922	(3.074)	(8,1)%
	a) current	786	3.940	(3.154)	(80,1)%
	b) deferred	34.062	33.982	80	0,2%
160	Other assets	34.147	192.787	(158.640)	(82,3)%
	Total assets	**8.519.222**	**11.337.797**	**(2.818.575)**	**(24,9)%**

	Liabilities and equity (in thousands of Euro)	AMOUNTS AT		CHANGE	
		30.09.2014	31.12.2013	ABSOLUTE	%
10	Due to banks	632.553	6.665.847	(6.033.294)	(90,5)%
20	Due to customers	7.317.589	4.178.276	3.139.313	75,1%
40	Financial liabilities held for trading	-	130	(130)	(100,0)%
80	Tax liabilities	13.764	17.362	(3.598)	(20,7)%
	a) current	2.330	1.022	1.308	128,0%
	b) deferred	11.434	16.340	(4.906)	(30,0)%
100	Other liabilities	134.093	93.844	40.249	42,9%
110	Post-employment benefits	1.525	1.482	43	2,9%
120	Provisions for risks and charges	1.402	533	869	163,0%
	b) other reserves	1.402	533	869	163,0%
140	Valuation reserves	2.062	10.959	(8.897)	(81,2)%
170	Reserves	237.837	163.055	74.782	45,9%
180	Share premiums	57.113	75.560	(18.447)	(24,4)%
190	Share capital	53.811	53.811	-	0,0%
200	Treasury shares (-)	(6.715)	(7.903)	1.188	(15,0)%
220	Profit (loss) for the year (+/-)	74.188	84.841	(10.653)	(12,6)%
	Total liabilities and equity	**8.519.222**	**11.337.797**	**(2.818.575)**	**(24,9)%**

Consolidated income statement

Items (in thousands of Euro)		AMOUNTS AT		CHANGE	
		30.09.2014	30.09.2013 (1)	ABSOLUTE	%
10	Interest receivable and similar income	243.606	259.672	(16.066)	(6,2)%
20	Interest due and similar expenses	(76.824)	(108.684)	31.860	(29,3)%
30	**Net interest income**	**166.782**	**150.988**	**15.794**	**10,5%**
40	Commission income	48.802	47.325	1.477	3,1%
50	Commission expense	(5.220)	(4.558)	(662)	14,5%
60	**Net commission income**	**43.582**	**42.767**	**815**	**1,9%**
70	Dividends and similar income	-	84	(84)	(100,0)%
80	Net profit (loss) from trading	171	289	(118)	(40,8)%
100	Profit (loss) from sale or buyback of:	231	11	220	n.s.
	b) available for sale financial assets	231	11	220	n.s.
120	**Net banking income**	**210.766**	**194.139**	**16.627**	**8,6%**
130	Net impairment losses/reversal on	(29.654)	(34.564)	4.910	(14,2)%
	a) receivables	(29.654)	(34.505)	4.851	(14,1)%
	b) available for sale financial assets	-	(59)	59	(100,0)%
140	**Net profit from financial activities**	**181.112**	**159.575**	**21.537**	**13,5%**
180	Administrative expenses:	(66.838)	(55.235)	(11.603)	21,0%
	a) personnel expenses	(31.528)	(27.236)	(4.292)	15,8%
	b) other administrative expenses	(35.310)	(27.999)	(7.311)	26,1%
190	Net allocations to provisions for risks and charges	(2.102)	(13)	(2.089)	n.s.
200	Net impairment losses/reversal on plant, property and equipment	(1.020)	(848)	(172)	20,3%
210	Net impairment losses/reversal on intangible assets	(1.353)	(1.224)	(129)	10,5%
220	Other operating income (expenses)	1.628	2.368	(740)	(31,3)%
230	**Operating costs**	**(69.685)**	**(54.952)**	**(14.733)**	**26,8%**
280	**Pre-tax profit (loss) for the period from continuing operations**	**111.427**	**104.623**	**6.804**	**6,5%**
290	Income taxes for the period relating to current operations	(37.239)	(37.513)	274	(0,7)%
340	**Profit (loss) for the period attributable to the parent company**	**74.188**	**67.110**	**7.078**	**10,5%**

Consolidated income statement: third quarter

Items (in thousands of Euro)		3rd QUARTER		CHANGE	
		2014	2013 (1)	ABSOLUTE	%
10	Interest receivable and similar income	74.768	84.846	(10.078)	(11,9)%
20	Interest due and similar expenses	(21.601)	(36.734)	15.133	(41,2)%
30	**Net interest income**	**53.167**	**48.112**	**5.055**	**10,5%**
40	Commission income	16.300	15.615	685	4,4%
50	Commission expense	(1.707)	(1.624)	(83)	5,1%
60	**Net commission income**	**14.593**	**13.991**	**602**	**4,3%**
70	Dividends and similar income	-	1	(1)	(100,0)%
80	Net profit (loss) from trading	16	282	(266)	(94,3)%
100	Profit (loss) from sale or buyback of:	-	11	(11)	(100,0)%
	b) available for sale financial assets	-	11	(11)	(100,0)%
120	**Net banking income**	**67.776**	**62.397**	**5.379**	**8,6%**
130	Net impairment losses/reversal on	(8.486)	(8.252)	(234)	2,8%
	a) receivables	(8.486)	(8.240)	(246)	3,0%
	b) available for sale financial assets	-	(12)	12	(100,0)%
140	**Net profit from financial activities**	**59.290**	**54.145**	**5.145**	**9,5%**
180	Administrative expenses:	(22.287)	(18.125)	(4.162)	23,0%
	a) personnel expenses	(10.310)	(9.179)	(1.131)	12,3%
	b) other administrative expenses	(11.977)	(8.946)	(3.031)	33,9%
190	Net allocations to provisions for risks and charges	(463)	(13)	(450)	n.s.
200	Net impairment losses/reversal on plant, property and equipment	(362)	(232)	(130)	56,0%
210	Net impairment losses/reversal on intangible assets	(471)	(343)	(128)	37,3%
220	Other operating income (expenses)	538	813	(275)	(33,8)%
230	**Operating costs**	**(23.045)**	**(17.900)**	**(5.145)**	**28,7%**
280	**Pre-tax profit (loss) for the period from continuing operations**	**36.245**	**36.245**	**-**	**0,0%**
290	Income taxes for the period relating to current operations	(12.112)	(13.175)	1.063	(8,1)%
340	**Profit (loss) for the period attributable to the parent company**	**24.133**	**23.070**	**1.063**	**4,6%**

Reclassified consolidated income statement: quarterly evolution

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2014			YEAR 2013 (1)			
	3rd Q.	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net interest income	**53.167**	**58.723**	**54.892**	**55.756**	**48.112**	**50.553**	**52.323**
Net commission income	**14.593**	**14.865**	**14.124**	**14.397**	**13.991**	**14.286**	**14.490**
Dividends and similar income	-	-	-	-	1	83	-
Net result from trading	16	50	105	(96)	282	(42)	49
Profit from sale of available for sale financial assets	-	-	231	-	11	-	-
Net banking income	**67.776**	**73.638**	**69.352**	**70.057**	**62.397**	**64.880**	**66.862**
Net value adjustments/revaluations due to impairment of:	(8.486)	(12.786)	(8.382)	(10.023)	(8.252)	(12.596)	(13.716)
Receivables	(8.486)	(12.786)	(8.382)	(10.023)	(8.240)	(12.549)	(13.716)
Available for sale financial assets	-	-	-	-	(12)	(47)	-
Net profit from financial activities	**59.290**	**60.852**	**60.970**	**60.034**	**54.145**	**52.284**	**53.146**
Personnel expenses	(10.310)	(10.884)	(10.334)	(9.858)	(9.179)	(9.254)	(8.803)
Other administrative expenses	(11.977)	(11.902)	(11.431)	(11.023)	(8.946)	(9.935)	(9.118)
Net allocations to provisions for risks and charges	(463)	79	(1.718)	(202)	(13)	-	-
Net value adjustments to property, plant and equipment and intangible assets	(833)	(792)	(748)	(932)	(575)	(814)	(683)
Other operating income (expenses)	538	141	949	619	813	669	886
Operating costs	**(23.045)**	**(23.358)**	**(23.282)**	**(21.396)**	**(17.900)**	**(19.334)**	**(17.718)**
Pre-tax profit from continuing operations	**36.245**	**37.494**	**37.688**	**38.638**	**36.245**	**32.950**	**35.428**
Income tax expense for the period	(12.112)	(12.115)	(13.012)	(20.907)	(13.175)	(11.364)	(12.974)
Profit for the period	**24.133**	**25.379**	**24.676**	**17.731**	**23.070**	**21.586**	**22.454**

EQUITY: BREAKDOWN (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2014	31.12.2013	ABSOLUTE	%
Capital	53.811	53.811	-	0,0%
Share premiums	57.113	75.560	(18.447)	(24,4)%
Valuation reserve:	2.062	10.959	(8.897)	(81,2)%
- AFS securities	7.334	15.980	(8.646)	(54,1)%
- TFR post-employment benefit	(161)	(76)	(85)	111,8%
- exchange differences	(5.111)	(4.945)	(166)	3,4%
Reserves	237.837	163.055	74.782	45,9%
Treasury shares	(6.715)	(7.903)	1.188	(15,0)%
Profit for the period	74.188	84.841	(10.653)	(12,6)%
Equity	**418.296**	**380.323**	**37.973**	**10,0%**

CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS AT		
	30.09.2014 (1)	30.09.2014 (2)	31.12.2013 (3)
Common equity Tier 1 Capital (CET1) (4)	372.732	385.533	332.851
Tier 1 Capital (AT)	375.070	385.533	332.851
Total own funds	**380.959**	**380.550**	**328.131**
Total RWA	**2.557.904**	**2.629.243**	**2.433.597**
Common Equity Tier 1 Ratio	14,57%	14,66%	13,68%
Tier 1 Capital Ratio	14,66%	14,66%	13,68%
Total own funds Capital Ratio	**14,89%**	**14,47%**	**13,48%**

(1) Data recognised according to the new regulations (Basel 3), which require the inclusion of the Group holding in the consolidation scope.
(2) Data recognised according to the previous regulations (Basel 2)
(3) Data recognised according to the previous regulations (Basel 2)
(4) Common equity Tier 1 Capital includes profit for the quarter net of estimated dividends

DRL RECEIVABLES PERFORMANCE	(thousands of Euro)
Receivables portfolio at 31.12.2013	**127.945**
Purchases	41.180
Interest income from amortised cost	20.156
Other components of net interest income from change in cash flow	2.849
Losses/Reversals of impairment losses from change in cash flow	244
Collections	(25.558)
Receivables portfolio at 30.09.2014	**166.816**