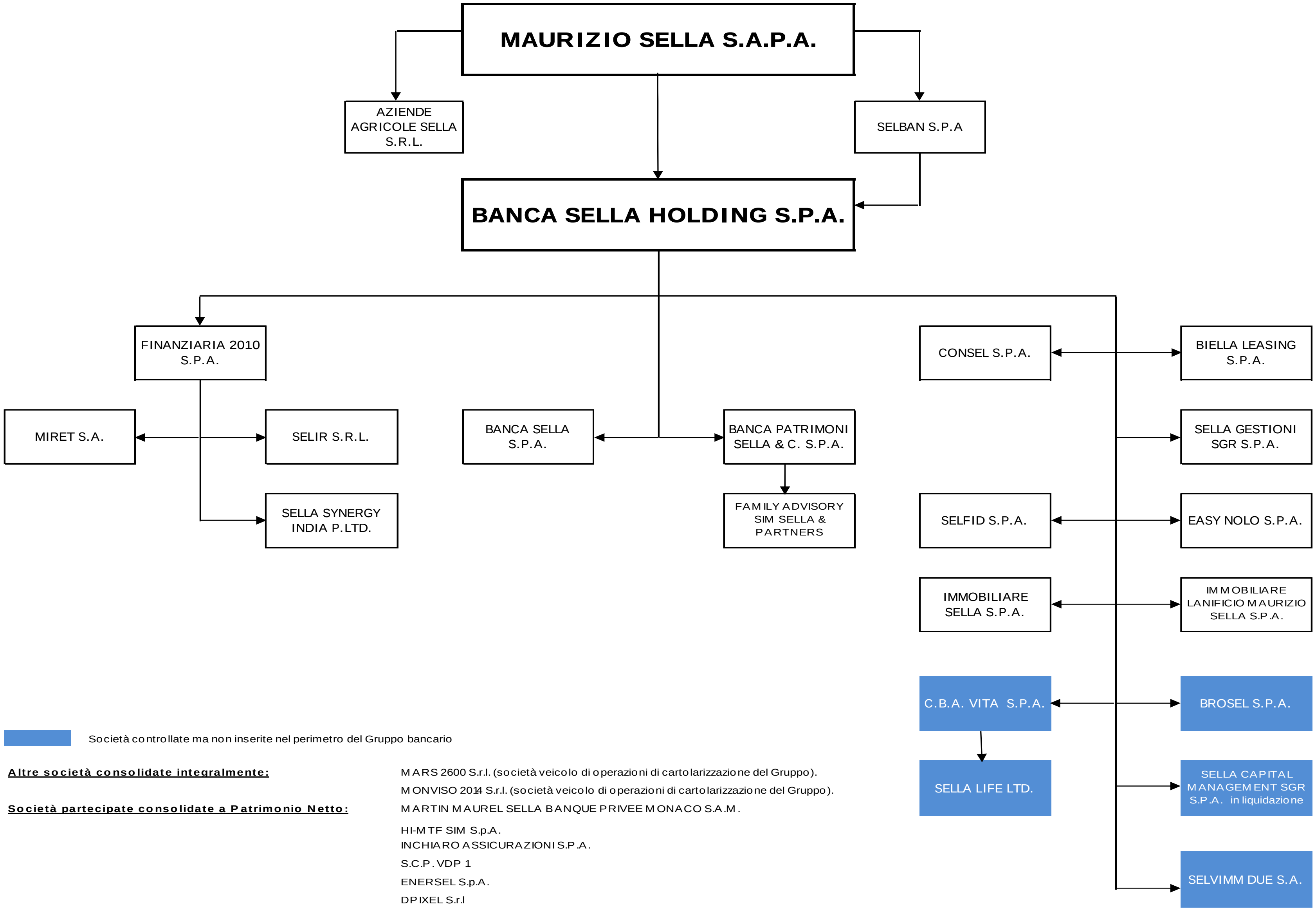
BANCA SELLA

Half-Yearly Report on Operations at June the 30th, 2015

Piazza Gaudenzio Sella 1 - 13900 Biella (Italy)
Tel. 015 35011 – Fax 015 351767 – Swift SELB IT 2B
Website www.sella.it

GRUPPO BANCA SELLA

Maps of the banking group at June the 30th, 2015



Società controllate ma non inserite nel perimetro del Gruppo bancario

Altre società consolidate integralmente:

MARS 2600 S.r.l. (società veicolo di operazioni di cartolarizzazione del Gruppo).
MONVISO 2014 S.r.l. (società veicolo di operazioni di cartolarizzazione del Gruppo).

Società partecipate consolidate a Patrimonio Netto:

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
SYMBID ITALIA S.p.A.

Corporate Officers

BOARD OF DIRECTORS
in office up to the approval of the 2016 financial statements

Chairman	Maurizio Sella
Deputy Chairman	Franco Sella
Managing Director	Claudio Musiari
Director	Elisabetta Galati
"	Luigi Gargiulo
"	Andrea Lanciani
"	Ferdinando Parente
"	Carlo Santini
"	Pietro Sella
"	Sebastiano Sella
"	Silvana Terragnolo
"	Paolo Tosolini
"	Attilio Viola

BOARD OF STATUTORY AUDITORS
in office up to the approval of the 2016 financial statements

Regular Auditor - Chairman	Paolo Piccatti
"	Vincenzo Rizzo
"	Riccardo Foglia Taverna
Alternate Auditor	Daniele Frè
" "	Michela Rayneri

THE GENERAL MANAGEMENT

Director General and CEO	Claudio Musiari
Co-Director General and Deputy CEO	Viviana Barbera
Co-Director General	Giorgio De Donno
Deputy Director General	Gianluca Bisognani

Accounting standards applied

Declaration of compliance with international accounting standards

This half-yearly report has been drawn up according to the international accounting standards IAS/IFRS (including the SIC and IFRIC interpretation documents) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as of June the 30th, 2015, pursuant to Community Regulation No. 1606 of July the 19th, 2002. As concerns the schedules and illustrative tables, these are prepared in application of the decrees of the Bank of Italy in the exercise of the powers established by Art. 9 of Italian Legislative Decree no. 38/2005 with the Provision of December 22th, 2014 whereby the third update to Circular no. 262/05 was issued.

The half-yearly report on operations at 30 June 2015 was prepared solely for the determination of the half-yearly results, for the purposes of calculating Common Equity Tier 1. This half-yearly report was not prepared in compliance with IAS 34 "Interim Financial Reporting". It therefore does not include certain schedules, comparative figures and notes which would be required in order to present the equity and financial situation in compliance with the International Financial Reporting Standards adopted by the European Union.

Therefore this half-yearly report was prepared clearly and accurately and truly reflects the economic and financial situation of Banca Sella.

General drafting principles

The half-yearly report consists of a brief management report, accompanied by tables outlining the main capital and economic figures, the Balance Sheet, Income Statement, Statement of Comprehensive Income and the Statement of Changes in Shareholders' Equity. The schedules are prepared in Euro and the tables are prepared in thousands of Euro.

The schedules report the corresponding comparison figures relative to the balance sheet at the end of the previous financial year, while the income statement figures refer to the corresponding period of the previous financial year. The accounting schedules correspond to those in the annual financial statements.

Preparation is carried out in respect of the general standards foreseen in IAS 1 and in compliance with the general assumptions of the Systematic Framework. Accounting schedules comply with that foreseen in Bank of Italy Circular no. 262/2005.

The half-yearly report was prepared using the same accounting standards and criteria as in the last financial year, as well as the following IFRS accounting standards, amendments and interpretations applied as of January the 1st, 2015.

On May the 20th, 2013, an interpretation of IFRIC 21 – Levies was published, which provides clarifications about the time a liability which is connected to taxes (other than income taxes) imposed by a government body should be recognised. The standard applies to both liabilities for taxes that fall under the area of application of IAS 37 - Provisions, contingent liabilities and contingent assets and those for taxes for which the timing and amount are certain. The interpretation applies retroactively for financial years starting at the latest on June the 17th, 2014 or subsequently. The adoption of this new interpretation did not have any effects on the Bank's financial statements.

On December the 12th, 2013, the IASB published the document, "Annual Improvements to IFRSs: 2011-2013 Cycle" which implements changes to certain standards, in the context of the annual process intended to improve said standards. The main changes involve:

- IFRS 3 Business Combinations – Scope exception for joint ventures. The amendment clarifies that section 2(a) of IFRS 3 excludes from the scope of application of IFRS 3 the formation of all types of joint arrangements, as defined in IFRS 11.

- IFRS 13 Fair Value Measurement – Scope of portfolio exception (par. 52). The amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 applies to all contracts included under the scope of application of IAS 39, regardless of whether they meet the definition of financial assets and liabilities provided in IAS 32.

- IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40. The amendment clarifies that IFRS 3 and IAS 40 do not exclude each other and that, in order to determine whether the purchase of a real estate property falls under the scope of IFRS 3 or IAS 40, it is necessary to make reference to the respective indications provided in IFRS 3 or IAS 40.

The amendments apply for financial years starting on or after 1 January 2015. The adoption of these amendments had no effects on the financial statements.

The update of Circular 272 of 20/01/2015 introduced a new classification for impaired loans, eliminating the categories of watchlist and restructured loans, and introducing the category of unlikely to pay.

Additionally, the Bank of Italy requested a parallel running period of 6 months, ending at 30/6/2015, during which reporting was done using both the old categories of watchlist and restructured and the new category of unlikely to pay.

The following categories of impaired loans were reclassified among unlikely to pay:

- restructured (represented by restructuring in pool and objective restructured - positions that have repayment agreements solely with Banca Sella);
- subjective watchlist (positions classified as watchlist due to a judgement by the bank, with a specific resolution);
- revoked watchlist (positions classified as watchlist with credit lines revoked);
- watchlist due to group default (positions classified as impaired due to similar classification by other companies in the Banca Sella Group);
- watchlist with forbearance (forborne non-performing positions classified as watchlist at December 2014 due to measures applied due to the deterioration of the loan for which a cure period of 12 months of regular payment without any overdue payments exceeding 30 days has not passed).

Objective watchlist, instead, were mainly reclassified among impaired past-due exposures.

Note that this half-yearly report is subjected to limited auditing by Deloitte & Touche S.p.A.

Significant events during the period

Below are the most important events that occurred during the first half of 2015 for Banca Sella:

- in February 2015, Banca Sella, in the context of an inspection of Banca Sella Holding, regarding: "Analysis of the quality of the group's loan portfolio and effectiveness of the relative lending policies," the bank itself was also the subject of an inspection. The inspection was completed on 17 June 2015 and the parent company is awaiting the relative report. Upon the conclusion of the inspection, relative to measurements taken at 31/12/2014 on positions subject to analytical verification, classification and expected loss differences arose, the latter already made independently during the course of 2015, during the inspection. Note that both the reclassifications, with the exception of specific and justified exceptions, and the write-downs, partially made independently by Banca Sella during the first months of 2015 during the inspection, were all recognised by the end of the inspection.
- in May 2015, Banca Sella requested and obtained that a rating be issued by DBRS, holding it an appropriate step in the context of the growth and development foreseen in the Strategic Plan and in line with many of its competitors. This rating was: ***BBB (low)*** (with negative trend), similar to that expressed for the parent company, taking into account the importance Banca Sella has within the Group;
- on June the 5th, 2015, the branches of Montecatini Terme, Bari 2 Via Tommaso Fiore, Lecce 4 Via San Cesareo and Grottaminarda were closed. These closures were aimed at, in addition to rationalising presences throughout the territory, freeing up useful professionals to enhance other local branches, increasing overall efficiency and providing better and more professional service to the Bank's customers;
- on June the 8th, 2015, the new branch in Casalle Torinese opened, at the Caselle Airport, Strada San Maurizio,12 – 10072 – Caselle Torinese (TO);
- on 10 April 2015, Banca Sella sent a request to Bank of Italy for a capital increase, following the authorisation obtained on 24 July 2015, the extraordinary shareholders' meeting approved the operation. Subsequently, the Prospectus was presented to Consob, as this is a "general" public offering.

Business continuity, strategy and profitability for the Bank

With reference to the Bank of Italy, Consob and ISVAP documents no. 2 of February the 6th, 2009 and no. 4 of March the 3th, 2010, in relation to information to be provided in financial reports on business prospects, with a particular focus on the company's ability to continue as a going concern, on the financial risks, on tests to the reduction of the value of assets (impairment tests) and on uncertainties in the use of estimates, the Board of Directors confirms that it has a reasonably expectation that the Bank can continue its operations in the foreseeable future and therefore attests that this half-yearly financial report has been prepared on the basis of this going concern assumption.

In the Bank's capital and financial structure and in the operating performance there are no elements or signs which may lead to uncertainty on the going concern assumption.

For a disclosure relating to financial risks, impairment tests and uncertainties in the use of estimates, please refer to the information given in this report and the comments on operating trends.

Main figures and indicators

Summary data (amounts in Euro thousands)

BALANCE SHEET DATA	30-06-2015	31-12-2014	Changes absolute	Changes %
Total assets	10,659,091.0	10,566,753.9	92,337.1	0.9%
Financial assets	1,522,817.7	1,338,305.0	184,512.6	13.8%
Cash loans, exclusive of repurchase agreements receivable	6,773,800.5	6,961,360.6	(187,560.0)	-2.7%
repurchase agreements receivable	*0.1*	-	0.1	0.0%
Total cash loans (1)	6,773,800.7	6,961,360.6	(187,559.9)	-2.7%
Tangible and intangible fixed assets	90,369.2	88,415.9	1,953.4	2.2%
Direct deposits, exclusive of repurchase agreements payable	*9,155,710.5*	*9,212,379.0*	(56,668.5)	-0.6%
repurchase agreements payable	204,922.8	297,286.1	(92,363.3)	-31.1%
Total direct deposits (2)	9,360,633.3	9,509,665.1	(149,031.8)	-1.6%
Guarantees issued -	250,089.1	252,196.4	(2,107.3)	-0.8%
Shareholders' Equity	610,583.7	617,219.9	(6,636.3)	-1.1%
Common Equity Tier 1 (CET 1)	555,707.3	553,373.2	2,334.1	0.4%
Tier 2 Capital (T2)	224,157.6	239,297.9	(15,128.9)	-6.3%
Total own funds	779,864.9	792,671.1	(12,806.2)	-1.6%

RECLASSIFIED ECONOMIC DATA (3)	30-06-2015	30-06-2014	Changes absolute	Changes %
Net interest income	87,265.8	104,889.91	(17,624.1)	-16.8%
Gross income from services	144,598.7	130,324.9	14,273.8	11.0%
Fee expenses	41,263.4	36,666.7	4,596.8	12.5%
Net income from services (net of fee expenses)	103,335.3	93,658.2	9,677.1	10.3%
Net banking income	190,601.0	198,548.1	(7,947.1)	-4.0%
Operating costs net of recovery of stamp duties and other taxes (4)	122,273.2	122,366.8	(93.6)	-0.1%
Operating profit	68,327.8	76,181.34	(7,853.5)	-10.3%
Net value adjustments for impairment losses	(59,722.2)	(47,892.3)	(11,829.9)	24.7%
Income taxes	(2,119.5)	(8,386.9)	6,267.5	-74.7%
Profit (Loss) for the period	4,253.6	18,060.4	(13,806.8)	-76.4%

(1) The aggregate represents item 70, "Due from customers", in the Balance Sheet Assets.
(2) The aggregate is the sum of Item 20 "Due to customers" and Item 30 "Securities in issue".
(3) As per items reported in the reclassified Income Statement.
(4) Given by the sum of the following items: “Administrative expenses" item 150,"Value adjustments on tangible assets" item 170,"Value adjustments on intangible fixed assets", item 180 "Other operating income and expenses" item 190.

Alternative performance indicators

PROFITABILITY RATIOS (%)	30-06-2015	30-06-2014
R.O.E. (return on equity) (1)(5)	1.4%	6.6%
R.O.A. (return on assets) (2)(5)	0.1%	0.4%
Net interest income (3) / Net banking income (3)	45.8%	52.8%
Net income from services (3) / Net banking income (3)	54.2%	47.2%
Cost to income (4)	63.5%	59.3%
EQUITY AND LIQUIDITY RATIOS (%)	**30-06-2015**	**31-12-2014**
Cash loans / Direct deposits	74.0%	75.6 %
Cash loans / Total assets	63.6%	65.9 %
Direct deposits / Total assets	85.9%	87.2 %
CREDIT RISK RATIOS (%)	**30-06-2015**	**31-12-2014**
Net impaired assets / Cash loans	8.5%	8.0%
Net non-performing / Cash loans	4.3%	3.6%
Net value adjustments to loans / Cash loans (5)	1.8%	1.3%
Coverage rate for impaired loans	45.7%	44.4%
Coverage rate for non-performing loans	59.0%	59.8%
SOLVENCY RATIOS (%)	**30-06-2015**	**31-12-2014**
CET 1 ratio	11.13%	10.81%
Own funds ratio	15.63%	15.48%

(1) Ratio between "Profit for the year" and the sum of items 160 "Reserves", 170 "Share premiums", and 180 "Share Capital" in the Balance Sheet Liabilities.
(2) Ratio between "Net profit" and "Total assets".
(3) As in the reclassified Income Statement.
(4) Ratio between operating costs, after deducting IRAP on personnel costs and net of losses connected to operating risks and net banking income.
(5) Annualised ratio.

Summary of the macroeconomic situation

The world economy continued to grow at a moderate rate during the first half of 2015.

In the United States, the progressive strengthening of internal demand items justifies, after the slowdown seen in the first quarter, the expectations shared by most professional forecasters for GDP growth at levels more or less in line with those seen in 2014. The economy in the Eurozone saw the economic recovery consolidating, thanks to the stimulus provided by the ECB's expansionist actions, the weakening of the Euro and the benefits deriving from the drop in oil prices. Nonetheless, factors persist that hold back the recovery of the monetary union, such as necessary adjustments to public and private sector budgets, widespread fragility in labour markets, and the risks that affect the prospects for growth in foreign economies. In Greece, the quick approval by the Parliament of the sweeping reforms indicated by the Eurosummit on 12 July allowed complex negotiations to begin again between the newly elected Greek government and international institutions, aimed at providing the country with financial support of around Euro 80 - 86 billion over 3 years through the European Stability Mechanism. Emerging countries saw GDP growth rates slow slightly, although still registering levels higher than those of the advanced economies. Nonetheless, rates varied in accordance with the prospects of the individual economies.

In regard to consumer prices, the excess unused production capacity and the expectations of a lack of price pressure for raw materials caused inflation to remain at contained levels in the advanced countries, in particular in the Eurozone. The ECB maintained an extremely accommodating monetary policy and the implementation of a program to purchase government securities is contributing to government interest rates remaining at low levels. The Federal Reserve is likely to once again begin raising the policy rate during the course of 2015, provided that growth and inflation conditions are seen in line with their mandate.

While expected credit volumes are recovering slightly, low interest rates will not create the necessary foundation for an adequate increase in the interest margin. As a consequence, banks will need to favour growth in income from services by diversifying outside of lending. Improving the efficiency of operating structures and containing costs is another lever that must be used to protect profitability.

Main economic aggregates

Reclassified income statement (in Euro thousands)

Item	30-06-2015	30-06-2014	% change over 30-06-2014
10. Interest receivables and similar income	130,688.5	160,537.9	-18.6%
20. Interest liabilities and similar charges	(43,485.7)	(55,727.9)	-22.0%
70. Dividends and similar income	62.9	79.8	-21.1%
NET INTEREST INCOME AND DIVIDENDS	**87,265.8**	**104,889.9**	**-16.8%**
40. Fee income	126,886.2	117,880.8	7.6%
50. Fee expenses	(41,263.4)	(36,666.7)	12.5%
Net fees	**85,622.7**	**81,214.1**	**5.4%**
80. Net gains/(losses) on trading activities	6,085.2	4,589.6	32.6%
90. Net gains/(losses) on hedging activities	(35.8)	(34.6)	3.7%
100. Income (losses) from sale or repurchase of:	11,663.2	7,889.1	47.8%
a) receivables	51.4	-	-
b) financial assets available for sale	11,620.2	8,307.2	39.9%
c) financial assets held to maturity	-	-	-
d) financial liabilities	(8.5)	(418.2)	-98.0%
NET INCOME FROM SERVICES	**103,335.3**	**93,658.2**	**10.3%**
NET BANKING INCOME	**190,601.0**	**198,548.1**	**-4.0%**
150. Administrative expenses			
a) personnel expenses	(78,154.7)	(77,347.3)	1.0%
IRAP on net personnel and seconded personnel expenses (1)	(322.2)	(2,388.1)	-86.5%
Total personnel and IRAP expenses	**(78,476.9)**	**(79,735.4)**	**-1.6%**
b) other administrative expenses	(66,821.3)	(63,771.8)	4.8%
Recovery of stamp duty and other taxes (2)	18,615.7	17,630.3	5.6%
Total administrative expenses and recovery of taxes	**(48,205.6)**	**(46,141.6)**	**4.5%**
170. Value adjustments on fixed assets	(3,780.9)	(3,418.6)	10.6%
180. Value adjustments on intangible fixed assets	(5,834.3)	(5,364.3)	8.8%
190. Other operating expenses/income (after deducting "Recovery of stamp duty and other taxes")	14,022.5	12,293.1	14.1%
Operating costs	**(122,273.2)**	**(122,366.8)**	**-0.1%**
OPERATING PROFIT/LOSS	**68,327.8**	**76,181.3**	**-10.3%**
160. Net provisions for risks and charges	(2,385.8)	(1,455.0)	64.0%
130. Net value adjustments for impairment of:			
a) receivables	(59,722.2)	(47,892.3)	24.7%
b) financial assets available for sale	(6.0)	-	-
c) financial assets held to maturity	-	-	-
d) other financial transactions	148.5	(386.7)	-138.4%
240. Gain/(loss) on disposal of investments	12.6	0.1	25158.0%
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXES	**6,373.0**	**26,447.3**	**-75.9%**
260. Income taxes for the period on continuing operations (after deducting "IRAP on net personnel and seconded personnel expenses")	(2,119.5)	(8,386.9)	-74.7%
PROFIT FROM CONTINUING OPERATIONS NET OF TAXES	**4,253.6**	**18,060.4**	**-76.4%**
PROFIT (LOSS) FOR THE YEAR	**4,253.6**	**18,060.4**	**-76.4%**

(1) Separated from the item "Income taxes for the year on continuing operations".
(2) Separated from the item "Other operating expenses/income".

Income Statement Classification Criteria

In order to provide a more easily understandable representation of the income results, an income statement has been prepared on the basis of representation criteria most appropriate to represent the content of the items in accordance with principles of management homogeneity.

Reclassifications involved:

- item 70. “dividends and other income” fall within interest income totals;
- IRAP on the costs for personnel, which is separated from the item “Income taxes for the period on continuing operations", and included in personnel expenses;
- the item "recovery of stamp duties and other taxes", which is separated from the item "other operating income and expenses," and included in other administrative expenses.

Net interest income

At 30 June 2015 net interest income amounted to Euro 87.3 million, down by -16.8% compared to the same period in the previous year. In regards to income, lower interest income was recorded, mainly in regards to loans to customers and infragroup loans, in the presence of decreasing volumes and average interest receivable rates contracting. Lower interest income also derived from securities, both due to the sale of the portfolio of financial assets held to maturity, and the replacement of the disposed of securities with securities with lower rates.

Such lower interest income were partially compensated for by a reduction in interest expense (-22.4%), due to the continuing downward trend in the cost of funding, despite higher direct deposit volumes than those seen during the first half of 2014.

Net fees

The trend for net fees was positive during the first half of 2015, with an increase of +5.4% with respect to the first half of 2014. This is mainly due to greater income from investment services, thanks to the increase in indirect deposit volumes and an excellent trend in asset management.

In particular, the trend for funds and SICAVs was very positive, within which the largest contributions came from private channels and branches, with excellent deposit volumes, mainly concentrated in third-party funds.

Income from the life insurance bank was also good, due to an increase in volumes almost entirely from insurance products.

The contribution of asset management was also positive, thanks again to excellent deposit volumes.

Interest and exchange rate operations were also very positive, thanks to high volatility on the foreign exchange markets and satisfying customer desk operations. On the other hand, revenues from traditional trading fell with respect to 2014, mainly due to lower volumes in the bond segment, due to a notable decrease in returns. Revenues from OLT were also down due to weak volumes in the derivatives and bond segments.

A positive contribution was also provided from electronic payment systems, due to an increase in e-commerce and POS volumes, as well as from increased volumes from foreign payment systems. Revenues from traditional payment systems fell, mainly due to a reduction in fees paid by the Tax Authorities for F24 tax payment forms, despite increased volumes.

Finally, accessory fees on loans also made a negative contribution, due to a reduction in volumes contracted.

Net income (losses) from trading activities: breakdown

Transactions/Income components	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net gains (losses) [(A+B) - (C+D)]
1. Financial assets held for trading	**184**	**82**	**(10)**	**(16)**	**240**
1.1 Debt securities	184	82	(10)	(16)	240
1.2 Equity securities	-	-	-	-	-
1.3 UCIT units	-	-	-	-	-
1.4 Loans and advances	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	-	-	-	-	-
3. Financial assets and liabilities: exchange rate differences	**x**	**x**	**x**	**x**	**4,482**
4. Derivative instruments	**3,071**	**1,616**	**(2,574)**	**(1,659)**	**1,364**
4.1 Financial derivatives:	3,071	1,616	(2,574)	(1,659)	1,364
- On debt securities and interest rates	3,071	1,616	(2,574)	(1,659)	454
- On equity securities and stock indices	-	-	-	-	-
- On currencies and gold	x	x	x	x	909
- Others	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
Total	**3,255**	**1,698**	**(2,583)**	**(1,675)**	**6,085**

Net banking income

The money management margin, together with income from services, led to total income of Euro 190.6 million, down (-4%) with respect to June the 30th, 2014.

The good result provided by net fees, which increased by 5.4%, together with the performance of trading and hedging activities, up by Euro 1.5 million, equal to +32.6%, was not enough to compensate for the drop in net interest income.

Operating costs

Operating costs, amounting to Euro 122.3 million, net of the positive contribution of Euro 14 million of the item “Other operating expenses/income”, were essentially in line with the figure in June 2014.

Personnel expenses, including IRAP relative to the same, decreased overall by -1.6% with respect to 2014. This decrease was mainly due to the elimination of IRAP in permanent employment contracts, which took effect in 2015. Personnel expenses, net of this component, in fact increased by +1.0%, mainly due to the increase in staff at the Bank.

The administrative expenses component saw an increase, in particular, in costs connected to contract work with Selir for outsourced activities, an increase in controls through information and inquiries, advertising, above all for light banking projects, for training and the increase in costs for information provider services.

Other operating expenses are represented by value adjustments on tangible and intangible assets, which increased with respect to the same period in the previous year. Other operating income, net of recovery of indirect taxes, improved (+14.1%) with respect to June the 30th, 2014.

Write-downs

Net value adjustments on loans and advances amounted to Euro 59.7 million, up by 24.7% compared to the Euro 48 million at June the 30th, 2014.

During the first half of 2015, indications of deterioration in the quality of Banca Sella's loan portfolio were seen, at a sharper rate with respect to financial year 2014.

In particular, the first half featured a notable increase in incoming flows of impaired positions, as well as an increase in value adjustments on impaired loans.

With respect to the first 6 months of 2014, new watchlist loans without revocation of credit lines increased by +24%, cancellations +24%, and non-performing loans +92%.

This item represents 1.8% of total lending.

Net value adjustments on intangible assets: breakdown

Asset/Income component	Amortisation/depreciation (a)	Impairment losses(b) (b)	Write-backs (c)	Net income/losses (a + b + c)
				30-06-2015
A. Intangible assets				
A.1 Company owned	5,834	-	-	5,834
- Generated internally by the company	1,240	-	-	1,240
- Other	4,594	-	-	4,594
A.2 Assets acquired through financial leasing	-	-	-	-
Total	**5,834**	**-**	**-**	**5,834**

Net value adjustments for impairment of loans: breakdown

Transactions/Income components	Write-downs (1)			Write-backs (2)				Total	
	Specific		Portfolio	Specific		Portfolio		30-06-2015	30-06-2014
	Write-offs	Other		To	B	To	B		
A. Due from banks									
- Loans	-	-	-	-	-	-	-	-	45
- Debt securities	-	-	-	-	-	-	-	-	-
B. Due from customers									
Impaired loans									
- Loans	-	-	x	-	-	x	x	-	-
- Debt securities	-	-	x	-	-	x	x	-	-
Other receivables									
- Loans	(692)	(80,183)	-	7,801	8,988	-	4,364	(59,722)	(47,937)
- Debt securities	-	-	-	-	-	-	-	-	
C. Total	**(692)**	**(80,183)**	**-**	**7,801**	**8,988**	**-**	**4,364**	**(59,722)**	**(47,892)**

A= from interest
B= other write-backs

Net impairment losses on financial assets available for sale: breakdown

Transactions/Income components	Write-downs (1)		Write-backs (2)		Total 30/06/2015	Total 30/06/2014
	Specific		Specific			
	Write-offs	Other	To	B		
A. Debt securities	-	-	-	-	-	-
B. Equity securities	-	-	-	-	-	-
C. UCIT units	-	-	x	x	-	-
D. Lending to banks	-	-	x	-	-	-
E. Lending to customers	-	(6)	-	-	(6)	-
F. Total	**-**	**(6)**	**-**	**-**	**(6)**	**-**

A= from interest
B= other write-backs

Net impairment losses on other financial transactions: breakdown

Transactions/Income components	Write-downs (1)			Write-backs (2)				Total	
	Specific		Portfolio	Specific		Portfolio		30-06-2015	30-06-2014
	Write-offs	Other		To	B	To	B		
A. Sureties issued	-	-	-	-	-	-	148	148	(368)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other operations	-	-	-	-	-	-	-	-	(19)
E. Total	**-**	**-**	**-**	**-**	**-**	**-**	**148**	**148**	**(387)**

A= from interest
B= other write-backs

Income taxes

The trend for income taxes, which fell considerably (- 74.7%) with respect to the previous financial year, can mainly be explained by a reduction in the result before taxes.

Exclusive of IRAP relative to expenses for personnel which was reclassified, increasing said component, the percentage impact of income taxes on continuing operations before taxes was 33.3%.

The notable reduction in IRAP weighing on personnel expenses is due to the new regulations which allow for full deductibility of the cost of staff with permanent employment contracts for IRAP purposes.

The so-called “Robin Hood tax” introduced by Legislative Decree no. 112 25/06/2008 (turned into Law no. 133 of 06/08/08) which implies that 4% of interest expenses is non-deductible, caused an increase in taxes of approximately 0.4 million Euro, corresponding to about 6 percentage points in the tax rate.

Following the transfer of receivables carried out during the period, a positive effect was seen in terms of IRAP deductibility of value adjustments on the same, carried out from 2008 - 2012, in the amount of around Euro 0.8 million, corresponding to around 13 percentage points in the tax rate.

In the absence of this change and the effect of the components cited in the sections above, the tax rate would have been approximately 40.3%.

Note that, in reference to adjustments on amounts due from customers, the IRES and IRAP deductibility rules foreseen in Legislative Decree 85/2015 were applied, published in the Official Journal 147 of 27/06/2015. This regulation applies in regards to the immediate deductibility of a larger portion of value adjustments on receivables (75% in 2015, compared to the 20% foreseen in the previous regulations) and, as a consequence, lower increases in prepaid taxes, without, however, having an impact on the tax rate with respect to the regulatory situation that previously applied.

Banca Sella, as a subsidiary, adheres to the tax consolidation system with the parent company Banca Sella Holding as its controlling and consolidating company.

Main capital aggregates

Reclassified balance sheet (in Euro millions)

Assets	30-06-2015	31-12-2014	% change over 31-12-2014
Financial assets (1)	1,522,817.7	1,338,305.0	13.8%
Due from banks	1,724,261.7	1,577,495.5	9.3%
Cash loans, exclusive of repurchase agreements receivable (2)	6,773,800.5	6,961,360.6	-2.7%
Repurchase agreements receivable	0.1	-	0.0%
Tangible and intangible fixed assets (3)	90,369.2	88,415.9	2.2%
Tax assets	155,955.9	168,702.3	-7.6%
Other assets (4)	391,885.8	432,474.7	-9.4%
TOTAL ASSETS	**10,659,091.0**	**10,566,753.9**	**0.9%**

Liabilities and Shareholders' equity	30-06-2015	31-12-2014	% change over 31-12-2014
Due to banks	318,520.4	26,851.4	1086.2%
Direct deposits (5)	9,360,633.3	9,509,665.1	-1.6%
Financial liabilities	27,751.6	24,250.1	14.4%
Tax liabilities	18,835.9	69,994.7	-73.1%
Other liabilities (6)	276,439.4	268,514.2	3.0%
Provisions for specific purposes (7)	46,326.8	50,258.6	-7.8%
Shareholders' equity (8)	610,583.7	617,219.9	-1.1%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,659,091.0**	**10,566,753.9**	**0.9%**

(1) Given by the sum of the following balance sheet asset items: 20 "Financial assets held for trading", 40 "Financial assets available for sale" and 50 "Financial assets held to maturity";
(2) Given by the sum of the following balance sheet asset items: 70 "Due from customers";
(3) Given by the sum of the following balance sheet asset items: 110 "Property, plant and equipment" and 120 "Intangible assets";
(4) Given by the sum of the following balance sheet asset items: 10 "Cash and cash equivalents", 80 "Hedging derivatives", 90 "Value adjustment of financial assets subject to macrohedging" and 150 "Other assets";
(5) Given by the sum of the following balance sheet liability items: 20 "Due to customers" and 30 "Securities in issue";
(6) Given by the sum of the following balance sheet liability items: 60 "Hedging derivatives" and 100 "Other liabilities";
(7) Given by the sum of the following balance sheet liability items: 110 "Employee severance indemnities" and 120 "Provisions for risks and charges";
(8) Given by the sum of the following balance sheet liability items: 130 "Valuation reserves", 160 "Reserves", 170 "Share premiums", 180 "Share Capital" and 200 "Profit for the period".

Credit quality

The item amounts due from customers did not see any significant changes, falling by -2.7%, mainly due to an extremely small decrease in current accounts and credit cards, personal loans and salary-backed loans, while the mortgages item grew minimally.

Debt securities consists exclusively of a 6% Confidi subordinate bond with maturity at December the 27th, 2018.

Due from customers: product breakdown

Type of transaction/Value	Total 30-06-2015						Total 31-12-2014					
	Book value			Fair Value			Book value			Fair Value		
	In bonis	Impaired		L1	L2	L3	In bonis	Impaired		L1	L2	L3
		Acquired	Other					Acquired	Other			
Loans	**6,196,255**	**-**	**577,381**	**-**	**-**	**7,127,110**	**6,400,814**	**-**	**560,334**	**-**	**-**	**7,137,619**
1. Current accounts	773,116	-	144,194	X	X	X	841,980	-	148,796	X	X	X
2. Repurchase agreements receivable	-	-	-	X	X	X	-	-	-	X	X	X
3. Mortgage loans	3,609,689	-	317,324	X	X	X	3,581,966	-	281,268	X	X	X
4. Credit cards, personal loans and loans on wage assignments	248,926	-	8,896	X	X	X	269,717	-	8,493	X	X	X
5. Financial leasing	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	1,564,524	-	106,967	X	X	X	1,707,151	-	121,777	X	X	X
Debt securities	**165**	**-**	**-**	**-**	**165**	**-**	**212**	**-**	**-**	**-**	**212**	**-**
8. Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt securities	165	-	-	X	X	X	212	-	-	X	X	X
Total	**6,196,420**	**-**	**577,381**	**-**	**165**	**7,127,110**	**6,401,026**	**-**	**560,334**	**-**	**212**	**7,137,619**

Starting in February 2015, Banca Sella, in the context of an inspection of Banca Sella Holding, regarding: "Analysis of the quality of the group's loan portfolio and effectiveness of the relative lending policies," also became the subject of an inspection by Bank of Italy. The inspection was completed on 17 June 2015 and the parent company is awaiting the relative report.

Upon the conclusion of the inspection, relative to measurements taken at 31/12/2014 on positions subject to analytical verification, classification and expected loss differences arose, in part already made independently by Banca Sella spa during the initial months of 2015, during the inspection.

Note that both the reclassification, with the exception of certain specific and justified exceptions, and the value adjustments were recognised before the completion of the inspection.

Note that the changes in the valuation of sampled exposures were mainly due to deterioration in credit risk, which arose during the initial months of 2015.

In particular, the elements which led to an increase in provisions were:

- classification from unlikely to pay to non-performing through application of more stringent parameters with respect to the previous classification
- updating of appraisals of properties concerned by our mortgage guarantee
- application of prudential haircuts on properties guaranteeing certain watchlist loans or non-performing positions, for certain types of properties
- presence of auctions with no bids during the half
- admission to bankruptcy proceedings and/or revocation of admission to other similar proceedings, such as settlement agreements
- commencing of foreclosures
- lack of cash flow for watchlist positions without revocation of credit lines and/or participation in negotiations together with the banks, with negotiations of a significant duration.

These aspects required adjusting provisions both in terms of measurement and in terms of discounting. In some cases, adjustments were more stringent with respect to the risk category in which the positions were classified, in that they better complied with the principles of prudence and risk supervision in reference to the specific situations being analysed.

During the first half of 2015, changes were made to the policy used to measure and manage impaired loans, which led to updating of the Credit Regulations.

Specifically, in May 2015 new, more stringent timeframes were introduced in regards to the management of unlikely to pay positions with revocation of credit lines, in order to improve monitoring and collection. This change reduced the timeframe from 12 to 6 months, starting as of June 2015, with the consequent earlier movement to non-performing of a larger number of positions.

In fact, we note that during the half the stock of unlikely to pay revoked fell by 22%, going from Euro 124.3 million to Euro 95.8 million, and consequently flows moving to non-performing increased, going from Euro 63 million in the first half of 2014 to Euro 122 million in the first half of 2015.

Additionally, in June 2015 discounting at 13 months was introduced for non-revoked unlikely to pay, with the consequent adjustment of this timeframe for revoked unlikely to pay, as well. For the latter, the actualization times, when foreseen, went from 18 months to 13 months.

Application of discounting prior to the revocation of credit lines was carried out for the following cases:

- absence of forbearance measures
- forbearance measures with overdue amounts exceeding 90 days
- absence of cash flows, without prejudice to the need for discounting for greater periods in the case of SAL transactions, for positions with debt restructuring with all of the banks and, in any case, in the case that the need to apply greater times is determined after analytical assessment

On the other hand, discounting is not foreseen in the case of positions with regular forbearance measures or with overdue amounts not exceeding 90 days.

As a whole, the change in discounting parameters produced an economic impact due to increased value adjustments equal to Euro -1.3 million.

During May 2015, a transfer of non-performing positions without recourse was carried out with Banca IFIS, which involved 2129 positions totalling Euro 33.7 million, with funds received amounting to 3.92%.

The coverage ratio on anomalous loans, understood as total write-downs booked on total impaired cash loans over gross loans disbursed stood at 45.88%, while at 31/12/2014 it came to 44.6% and at 31/12/2013 it was 41.7%.

The update of Circular 272 of 20/01/2015 introduced a new classification for impaired loans, eliminating the categories of watchlist and restructured loans, and introducing the category of unlikely to pay.

Additionally, the Bank of Italy requested a parallel running period of 6 months for the banking system, ending at 30/6/2015, during which reporting was done using both the old categories of watchlist and restructured and the new category of unlikely to pay.

The following categories of impaired loans were reclassified among unlikely to pay:

- restructured (represented by restructuring in pool and objective restructured - positions that have repayment agreements solely with Banca Sella)
- subjective watchlist (positions classified as watchlist due to a judgement by the bank, with a specific resolution)
- revoked watchlist (positions classified as watchlist with credit lines revoked)
- watchlist due to group default (positions classified as impaired due to similar classification by other companies in the Banca Sella Group)
- watchlist with forbearance (forborne non-performing positions classified as watchlist at December 2014 due to measures applied due to the deterioration of the loan for which a period of 12 months of regular payment without any overdue payments exceeding 30 days has not passed)

Objective watchlist, instead, were mainly reclassified among impaired past-due exposures.

As indicated above, starting in December 2014, forborne non-performing positions were classified among impaired loans, that is, loans subject to concessions (which may consist in a change in the contractual terms and conditions), carried out in order to overcome difficulties in fulfilling financial commitments which have already arisen or will arise soon.

This classification remains unchanged until the following requirements are met:

- the deterioration of the conditions of the customer do not decline further
- at least one year has passed from the last forbearance operation
- the debtor repays the debt regularly on the newly established maturity dates, without delays exceeding 30 days.

During the course of 2015, positions classified as forborne saw an increase of Euro 35.7 million, while outgoing flows to forborne performing, meaning those with 12 months of regular payment after forbearance conditions were granted, came to only Euro 3.1 million. The flows of loans which saw revocation due to a lack of respect for the forbearance measures were much larger, totalling around Euro 35 million.

As a whole, the stock of forborne non-performing loans went from Euro 160.4 million in December to Euro 157.8 million in June 2015.

The term "credit exposure" is used excluding capital securities and units of UCITS, while the term "exposures" includes those elements.

Breakdown of credit exposure by portfolio and credit quality (book values)

Portfolio/Quality	Non-performing loans	Unlikely to pay	Impaired past due loans	Non-impaired past due loans	Other assets	Total
1. Financial assets held for trading	-	163	22	-	51,821	52,006
2. Financial assets available for sale	-	1,818	-	-	1,465,852	1,467,670
3. Financial assets held to maturity	-	-	-	-	-	-
4. Due from banks	-	-	-	-	1,724,262	1,724,262
5. Due from customers	292,715	266,363	18,303	23,569	6,172,850	6,773,801
6. Financial assets carried at fair value	-	-	-	-	-	-
7. Non-current assets held for sale	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	12,942	12,942
Total 30-06-2015	**292,715**	**268,344**	**18,325**	**23,569**	**9,427,727**	**10,030,680**
Total 31-12-2014	**253,834**	**277,186**	**19,392**	**25,953**	**9,299,894**	**9,888,197**

Breakdown of credit exposure by portfolio and credit quality (gross and net amounts)

Portfolio / Quality	Non-performing assets			Performing			Total (net exposure)
	Gross exposure	Specific write-downs	Net exposure	Gross exposure	Portfolio write-downs	Net exposure	
1. Financial assets held for trading	185	-	185	x	x	51,821	52,006
2. Financial assets available for sale	1,818	-	1,818	1,465,852	-	1,465,852	1,467,670
3. Financial assets held to maturity	-	-	-	-	-	-	-
4. Due from banks	-	-	-	1,724,659	397	1,724,262	1,724,262
5. Due from customers	1,063,942	486,561	577,381	6,228,124	31,705	6,196,419	6,773,801
6. Financial assets carried at fair value	-	-	-	x	x	-	-
7. Non-current assets held for sale	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	x	x	12,942	12,942
Total 30-06-2015	**1,065,946**	**486,561**	**579,385**	**9,418,636**	**32,102**	**9,451,297**	**10,030,681**
Total 31-12-2014	**1,010,637**	**448,288**	**562,349**	**9,298,158**	**36,490**	**9,325,848**	**9,888,197**

Amounts due to and from banks

Net interbank position (in Euro millions)

Item	Total 30-06-2015	Total 31-12-2014
Due from banks	1,724,262	1,577,495
Due to banks	318,520	26,851
Net interbank position	**1,405,742**	**1,550,644**

Loans to banks: Product breakdown

Type of transaction/Value	Total 30-06-2015				Total 31-12-2014			
	BV	FV			BV	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Due from Central Banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Term deposits	-	X	X	X	-	X	X	X
2. Statutory reserve	-	X	X	X	-	X	X	X
3. Reverse repurchase agreements	-	X	X	X	-	X	X	X
4. Other	-	X	X	X	-	X	X	X
B. Due from banks	**1,724,262**	**-**	**276,800**	**1,447,879**	**1,577,495**	**-**	**336,188**	**1,241,898**
1. Loans	1,447,879	-	-	1,447,879	1,241,897	-	-	1,241,898
1.1 Current accounts and demand deposits	1,267,289	X	X	X	1,043,349	X	X	X
1.2 Term deposits	80,508				79,308			
1.3. Other loans	100,082	X	X	X	119,240	X	X	X
- Reverse repurchase agreements	-	X	X	X	-	X	X	X
- Financial leasing	-	X	X	X	-	X	X	X
- Others	100,082	X	X	X	119,240	X	X	X
2. Debt securities	276,383	-	276,800	-	335,598	-	336,188	-
2.1 Structured securities	-	X	X	X	-	X	X	X
2.2 Other debt securities	276,383	X	X	X	335,598	X	X	X
Total	**1,724,262**	**-**	**276,800**	**1,447,879**	**1,577,495**	**-**	**336,188**	**1,241,898**

Almost all current accounts and demand deposits are held by the parent company Banca Sella Holding, as is the term deposit of 80.5 million used to hold the compulsory reserve with Banca Sella Holding, which manages it on the Bank's account. Other loans includes the balance of the current account, again held by Banca Sella Holding, in which Banca Sella deposits the margins for existing derivatives.

Debt securities were exclusively represented by bonds issued by Banca Sella Holding. During the first half of the year, the segment decreased by about Euro 59.2 million.

Due to banks: product breakdown

Type of transaction/Value	Total 30-06-2015	Total 31-12-2014
1. Due to central banks	**-**	**-**
2. Due to banks	**318,520**	**26,851**
2.1 Current accounts and demand deposits	21,613	5,664
2.2 Term deposits	296,464	20,418
2.3 Loans and advances	23	23
2.3.1 Repurchase agreements	-	-
2.3.2 Others	23	23
2.4 Liabilities for repurchase commitments of own equity instruments	-	-
2.5 Other payables	420	746
Total	**318,520**	**26,851**
Fair value - level 1	**-**	**-**
Fair value - level 2	**-**	**-**
Fair value - level 3	**318,520**	**26,851**
Total fair value	**318,520**	**26,851**

The item increased due to the increase in term deposits, which were mainly with the parent company.

Due to customers

Due to customers: product breakdown

Type of transaction/Value	Total 30-06-2015	Total 31-12-2014
1. Current accounts and demand deposits	7,121,520	7,070,459
2. Term deposits	875,882	809,034
3. Loans	257,533	339,494
3.1 Repurchase agreements	204,923	297,286
3.2 Others	52,610	42,208
4. Liabilities for repurchase commitments of own equity instruments	-	-
5. Other payables	292,378	335,830
Total	**8,547,313**	**8,554,817**
Fair value - level 1	**-**	**-**
Fair value - level 2	**-**	**-**
Fair value - level 3	**8,547,313**	**8,554,817**
Fair value	**8,547,313**	**8,554,817**

The first half of 2015 confirmed the positive trend for deposits, with an increase in both current accounts and demand deposits, as well as term deposits.

Securities in issue: product breakdown

Type of securities / Values	Total 30-06-2015				Total 31-12-2014			
	Book Value	Fair Value			Book Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	813,254	-	840,116	-	954,781	-	971,462	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	813,254	-	840,116	-	954,781	-	971,462	-
2. Other securities	67	-	-	67	68	-	-	68
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	67	-	-	67	68	-	-	68
Total	**813,321**	**-**	**840,116**	**67**	**954,849**	**-**	**971,462**	**68**

Financial assets held for trading

The subitem debt securities mainly consisted of Italian government securities and bonds issued by the banks of the Banca Sella Group. At June the 30th, 2015 the following types of securities were held:

- Italian government securities 14%;
- Banca Sella Group bonds 86%;

The amount of this component decreased during the half by around 2.7 million, going from Euro 26.9 million at 31/12/2014 to Euro 24.2 million at 30/06/2015.
With regard to asset allocation, the variable component was almost entirely eliminated, and almost all of the category was invested in short-term fixed rate securities. Exposure to interest-rate risk was contained for the entire period in question.

Financial assets held for trading: Product breakdown

Item/Value	Total 30-06-2015			Total 31-12-2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	3,390	20,865	2	6,181	20,725	2
1.1 Structured securities	1	-	-	1	-	-
1.2 Other debt securities	3,389	20,865	2	6,180	20,725	2
2. Equities	-	-	-	-	-	-
3 UCIT units	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total A	**3,390**	**20,865**	**2**	**6,181**	**20,725**	**2**
B. Derivative instruments						
1. Financial derivatives:	334	27,416	-	16	23,270	-
1.1 for trading	334	27,339	-	16	23,203	-
1.2 linked to fair value option	-	-	-	-	-	-
1.3 other	-	77	-	-	67	-
2. Credit Derivatives:	-	-	-	-	-	-
2.1 for trading	-	-	-	-	-	-
2.2 linked to fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	**334**	**27,416**	**-**	**16**	**23,270**	**-**
Total (A+B)	**3,724**	**48,281**	**2**	**6,197**	**43,995**	**2**

The item in its entirety grew mainly due to trading operations involving derivatives.

Financial assets available for sale

The subitem debt securities consists of Italian government securities and bank bonds of high creditworthiness. At June the 30th, 2015 the following types of securities were held:

- BOT 0.3%;
- CCT 37.8%;
- BTP 55.4%;
- Senior bank bonds 6.5%;

During the half, the amount of debt securities increased by around 182.7 million, amounting to Euro 1,465.5 million at 30/06/2015. The largest changes involved BTP (around Euro + 204.2 million), CCT (around Euro -68 million) and bank bonds (around Euro +46.6 million).

With regard to asset allocation, the variable component, which fell with respect to 31/12/14, represented about 39%, while the remaining 61% was invested in fixed rate securities with short or medium-term maturity. Exposure to interest-rate risk remained at very low levels for the entire period in question.

Financial assets available for sale: product breakdown

Item/Value	Total 30-06-2015			Total 31-12-2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	1,460,140	5,390	-	1,277,486	5,338	-
1.1 Structured securities	7,123	-	-	3,040	-	-
1.2 Other debt securities	1,453,017	5,390	-	1,274,446	5,338	-
2. Equities	-	-	3,141	-	-	3,141
2.1 Carried at fair value	-	-	-	-	-	-
2.2 Carried at cost	-	-	3,141	-	-	3,141
3. UCIT units	-	-	-	-	-	-
4. Loans	-	-	2,140	-	-	2,146
Total	**1,460,140**	**5,390**	**5,281**	**1,277,486**	**5,338**	**5,287**

The item increased, mainly due to purchases of debt securities.

The item loans refers to the "ComitalSaiag S.P.A." position, for which a restructuring agreement was signed in 2009 which generated a partial conversion of the total amount owed to the Bank equal to Euro 9 million, of which Euro 4.7 million in restructured loans and Euro 4.3 million in equity instruments. The write-down on these instruments totalled 2.5 million Euro. At December the 31st, 2014, the book value of the remaining credit on the Comital position was equal to Euro 3.1 million, which was reduced during financial year 2014 as envisaged in the plan.

Equity securities also include minority interests, which according to the requirements of the IFRS, were subjected to impairment tests continuing that done in the financial statements at December the 31st, 2014 and did not show any substantial differences.

Own funds and bank capital adequacy ratios

Below are the main features of the shares included in Banca Sella's Common Equity Tier 1 – CET1 at June the 30th, 2015:

- 563,193,010 ordinary shares with a nominal value of Euro 0.50 (zero point fifty) each, including share premiums, reserves and profits accrued for a calculable value of Euro 613,704,650;
  There were not calculable financial instruments in Additional Tier 1 Capital at June the 30th, 2015.
  Tier 2 - T2 included subordinated loans issued by Banca Sella at June the 30th, 2015.

	Total 06 2015	Total 12 2014
A. Common Equity Tier 1 - CET1 before application of prudential filters	**608,848**	**609,451**
of which CET1 instruments subject to transitional provisions	-	-
B. CET1 prudential filters (+/-)	(659)	(539)
C. CET1 gross of elements to be deducted and the effects of the transitional regime (A +/- B)	608,188	608,912
D. Elements to be deducted from CET1	47,842	45,588
E. Transitional regime - Impact on CET1 (+/-)	(4,639)	(9,951)
F. Total Common Equity Tier 1 (Common Equity Tier 1 - CET1) (C - D +/- E)	**555,707**	**553,373**
G. Additional Tier 1- AT 1, gross of elements to be deducted and the effects of the transitional regime	**130**	**-**
of which AT1 instruments subject to transitional provisions	-	-
H. Elements to be deducted from AT1	-	-
I. Transitional regime - Impact on AT1 (+/-)	(130)	-
L. Total Additional Tier 1 (Additional Tier 1 - AT1) (G - H +/- I)	**-**	**-**
M. Tier 2- AT 2, gross of elements to be deducted and the effects of the transitional regime	**224,158**	**239,287**
of which T2 instruments subject to transitional provisions	45,163	37,333
N. Elements to be deducted from T2	-	-
O. Transitional regime - Impact on T2 (+/-)	-	11
P. Total Tier 2 - T2 (M - N +/- O)	**224,158**	**239,298**
Q. Total own funds (F + L + P)	**779,865**	**792,671**

On the basis of prudential regulatory provisions, the total requirement is equal to the sum of the capital requirements prescribed against credit and counterpart, adjustment of credit measurement, regulatory, market and operating risk.

In general, methods used to calculate capital requirements refer to the standardised approach and basic indicator approach (BIA), in terms of operating risk.

Banca Sella's capital management policies have the goal of guaranteeing that the capital base is in line with the level of risk taken on, while complying with regulatory requirements and company development plans.

Categories/Amounts	Non-weighted amounts		Weighted amounts/requirements	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
A. RISK ASSETS				
A.1 Credit and Counterparty Risk	**10,636,601**	**10,563,872**	**4,210,672**	**4,296,555**
1. Standard method	10,636,601	10,563,872	4,210,672	4,296,555
2. Methodology based on internal ratings	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisations	-	-	-	-
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**336,854**	**343,724**
B.2 Credit evaluation adjustment risk			**945**	**4,119**
B.3 Regulatory risk			**-**	**-**
B.4 Market risks			**1,903**	**2,194**
1. Standard method			1,903	2,194
2. Internal models				
3. Concentration risk			**-**	-
B.5 Operating risk			**59,588**	**59,588**
1. Basic method			59,588	59,588
2. Standard method				
3. Advanced method				
B.6 Other capital requirements				
B.7 Other calculation elements				
B.8 TOTAL PRUDENTIAL REQUIREMENTS			**399,290**	**409,624**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			4,991,121	5,120,302
C.2 Common equity Tier 1/Risk-weighted assets (CET1 capital ratio)			11.13%	10.81%
C.3 Tier 1 capital/Risk weighted assets (Tier 1 capital ratio)			11.13%	10.81%
C.4 Total own funds/Risk-weighted assets (Total capital ratio)			15.63%	15.48%

At June the 30th, 2015, the capital ratios exceeded the minimum requirements foreseen in the regulations in effect as of the reporting date:

- Common Equity Tier 1 ratio: 11.13%, against a minimum level of 5.125%;
- Tier 1 ratio: 11.13%, against a minimum level of 6.125%;
- Total Capital ratio: 15.63%, against a minimum level of 8.625%.

Management system and exposure to risk

Banca Sella places great importance on the management and control of risk, as a condition to guarantee sustainable value creation in a context of controlled risk.

Risk management and control are carried out by the corporate second level (Compliance and Risk Management) and third level (Internal Audit) control departments. Specifically, the Parent Company's Risk Management department has the mission of actively contributing to the achievement of effective risk management and an efficient risk/return profile, through the identification, measurement and control of the First and Second Column Risks under Basel III, operating in close connection with the management of economic and equity variables and in constant respect for adaptation to changes imposed through the regulations and in line with system best practices. The Risk Management function is distinct and independent from the corporate functions assigned to manage operating risk and reports directly to the Managing Director.

The Banca Sella Group's culture of control and risk is widespread at all levels. Corporate strategies focus on careful training work and continuous professional updating. Particular attention is paid to resources, whether directly operating as audits or in operative departments, ensuring constant professional growth through the use of external training and constant professional and regulatory updates, also through participation in inter-banking work groups.

Anti-money laundering

Banca Sella carries out its activities in accordance with the regulatory provisions related to anti-money laundering and anti-terrorism, in conformance with ethical standards in order to prevent events that could damage the reputation and stability of the Bank and the Group as a whole.

The measures to prevent money laundering and the financing of terrorism are based on the active collaboration of the financial situation, in the implementation of:

the provisions of the Legislator at national level;

Bank of Italy circulars and provisions;

the recommendations of the GAFI (Financial Action Group against money laundering);

the provisions of Community law;

decrees and clarifications of the Ministry of the Economy and of Finance;

communications of the Financial Reporting Unit;

the indications of the Financial Security Committee of the Treasury Department – the Ministry of the Economy and Finance.

In the first half of 2015, updated training of personnel continued, and classroom testing was done to verify the knowledge acquired through courses attended over the last two years.

In addition, projects were begun with the goal of increasing the efficacy and functionality of internal procedures and processes, in particular with reference to appropriate verification of customers, on a continuing basis, while also refining the automatic procedures used to ensure that the single electronic archive is appropriately maintained.

Financial Statement Schedules at June the 30th, 2015

Balance Sheet

BALANCE SHEET

Assets	30-06-2015	31-12-2014	Difference %
10. Cash and cash equivalents	104,285,607	130,631,721	-20.17%
20. Financial assets held for trading	52,006,560	50,194,134	3.61%
40. Financial assets available for sale	1,470,811,093	1,288,110,897	14.18%
60. Due from banks	1,724,261,705	1,577,495,448	9.30%
70. Due from customers	6,773,800,662	6,961,360,565	-2.69%
80. Hedging derivatives	12,941,953	14,177,393	-8.71%
90. Value adjustment of financial assets subject to macrohedging (+/-)	112,067,634	133,802,548	-16.24%
110. Tangible assets	39,829,460	40,192,362	-0.90%
120. Intangible assets	50,539,766	48,223,518	4.80%
of which:			
- goodwill	14,196,993	14,196,993	0.00%
130. Tax assets	155,955,930	168,702,329	-7.56%
a) current	34,638,265	52,012,442	-33.41%
b) deferred	121,317,665	116,689,887	3.97%
of which Law 214/2011	111,231,660	106,251,121	4.69%
150. Other assets	162,590,628	153,863,007	5.67%
Total assets	**10,659,090,998**	**10,566,753,922**	**0.87%**

Liabilities and shareholders' equity	30-06-2015	31-12-2014	Difference %
10. Due to banks	318,520,355	26,851,420	1086.23%
20. Due to customers	8,547,312,559	8,554,816,925	-0.09%
30. Securities in issue	813,320,716	954,848,167	-14.82%
40. Financial liabilities held for trading	27,751,569	24,250,051	14.44%
60. Hedging derivatives	117,514,170	136,676,073	-14.02%
80. Tax liabilities	18,835,937	69,994,677	-73.09%
a) current	9,579,199	57,847,417	-83.44%
b) deferred	9,256,738	12,147,260	-23.80%
100. Other liabilities	158,925,239	131,838,118	20.55%
110. Provision for severance indemnities	31,169,917	35,504,668	-12.21%
120. Provisions for risks and charges:	15,156,876	14,753,896	2.73%
a) retirement and similar obligations	-	-	-
b) other provisions	15,156,876	14,753,896	2.73%
130. Valuation reserves	1,695,629	4,816,620	-64.80%
160. Reserves	24,315,890	(32,145,349)	-175.64%
170. Share premiums	298,722,062	298,722,062	0.00%
180. Capital	281,596,505	281,596,505	0.00%
200. Profit (Loss) for the year (+/-)	4,253,572	64,230,089	-93.38%
Total liabilities and Shareholders' Equity	**10,659,090,998**	**10,566,753,922**	**0.87%**

Income Statement

INCOME STATEMENT

Item	30-06-2015	30-06-2014	Difference %
10. Interest receivables and similar income	130,688,485	160,537,902	-18.59%
20. Interest liabilities and similar charges	(43,485,663)	(55,727,851)	-21.97%
30. Net interest income	**87,202,822**	**104,810,051**	**-16.80%**
40. Fee income	126,886,175	117,880,788	7.64%
50. Fee expenses	(41,263,445)	(36,666,690)	12.54%
60. Net fees	**85,622,730**	**81,214,098**	**5.43%**
70. Dividends and similar income	62,933	79,839	-21.1%
80. Net gains/(losses) on trading activities	6,085,212	4,589,616	32.59%
90. Net gains/(losses) on hedging activities	(35,826)	(34,555)	3.68%
100. Income (losses) from sale or repurchase of:	11,663,154	7,889,050	47.84%
a) receivables	51,425	-	-
b) financial assets available for sale	11,620,203	8,307,210	39.88%
c) financial assets held to maturity	-	-	-
d) financial liabilities	(8,474)	(418,160)	-97.97%
110. Net gains/(losses) on financial assets and liabilities carried at fair value	-	-	-
120. Net banking income	**190,601,025**	**198,548,099**	**-4.00%**
130. Net value adjustments for impairment of:	(59,579,748)	(48,278,977)	23.41%
a) receivables	(59,722,234)	(47,892,296)	24.70%
b) financial assets available for sale	(6,021)	-	-
c) financial assets held to maturity	-	-	-
d) other financial transactions	148,507	(386,681)	-138.41%
140. Net financial operating gains (losses)	**131,021,277**	**150,269,122**	**-12.81%**
150. Administrative expenses:	(144,975,914)	(141,119,159)	2.73%
a) personnel expenses	(78,154,656)	(77,347,325)	1.04%
b) other administrative expenses	(66,821,258)	(63,771,834)	4.78%
160. Net provisions for risks and charges	(2,385,803)	(1,455,033)	63.97%
170. Net value adjustments on tangible assets	(3,780,881)	(3,418,641)	10.60%
180. Net value adjustments on intangible assets	(5,834,281)	(5,364,282)	8.76%
190. Other operating expenses/income	32,638,228	29,923,375	9.07%
200. Operating costs	**(124,336,797)**	**(121,433,740)**	**2.39%**
240. Income (losses) from the disposal of investments	12,629	50	25158.00%
250. Profit/(Loss) on continuing operations before tax	**6,695,255**	**28,835,432**	**-76.78%**
260. Income taxes for the period on continuing operations	(2,441,683)	(10,775,057)	-77.34%
270. Profit/(Loss) on continuing operations after tax	**4,253,572**	**18,060,375**	**-76.45%**
290. Profit (Loss) for the period	**4,253,572**	**18,060,375**	**-76.45%**

Overall profitability

COMPREHENSIVE INCOME

		30-06-2015	30-06-2014
10.	**Profit (Loss) for the period**	**4,253,572**	**18,060,337**
	Other income components net of taxes without reversal to income statement		
40.	Defined benefit plans	2,277,628	(2,667,769)
	Other income components net of taxes with reversal to income statement		
100.	Financial assets available for sale	(5,398,619)	1,794,498
130.	**Total, other income components after tax**	**(3,120,991)**	**(873,271)**
140.	**Comprehensive income (Items 10 +130)**	**1,132,581**	**17,187,106**

Statement of Changes in Shareholders' Equity at June the 30th, 2015

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30 June 2015

	balance at 31/12/2014	Changes to opening balance	balance at 01/01/2015	allocation of profit of previous year: reserves: Reserves	allocation of profit of previous year: dividends and other uses: Dividends and other uses	change in capital: changes in reserves	change in capital: operations on shareholders' equity: issue of new shares	change in capital: operations on shareholders' equity: purchase of treasury shares	change in capital: operations on shareholders' equity: distribution of extraordinary dividends	change in capital: operations on shareholders' equity: change in equity instruments	change in capital: operations on shareholders' equity: derivatives on treasury shares	change in capital: operations on shareholders' equity: stock options	Overall profitability 2015	shareholders' equity at 30/06/2015
Share Capital:														
a) ordinary shares	281,596,505	-	**281,596,505**	-	-	-	-	-	-	-	-	-	-	**281,596,505**
b) other shares	-	-	**-**	-	-	-	-	-	-	-	-	-	-	**-**
Share premiums	298,722,062	-	**298,722,062**	-	-	-	-	-	-	-	-	-	-	**298,722,062**
Reserves:														**-**
a) from profits	106,147,278	-	**106,147,278**	**56,461,240**	-	-	-	-	-	-	-	-	-	**162,608,518**
b) from previous year profits	-4,542,710		**-4,542,710**	-	-	-	-	-	-	-	-	-	-	**-4,542,710**
b) other	-133,749,918		**-133,749,918**	-	-	-	-	-	-	-	-	-	-	**-133,749,918**
Valuation reserves:														**-**
a) available for sale	9,950,838	-	**9,950,838**	-	-		-	-	-	-	-	-	-5,398,619	**4,552,221**
b) cash flow hedging	-	-	**-**	-	-	-	-	-	-	-	-	-	-	**-**
c) special revaluation laws	-	-	**-**	-	-	-	-	-	-	-	-	-	-	**-**
d) other	-5,134,219	-	**-5,134,219**	-	-		-	-	-	-	-	-	2,277,627	**-2,856,591**
Equity instruments	-	-	**-**	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	**-**	-	-	-	-	-	-	-	-	-	-	**-**
Profit (Loss) for the period	64,230,089	-	**64,230,089**	**-56,461,240**	**-7,768,848**	-	-	-	-	-	-	-	4,253,572	**4,253,572**
Shareholders' Equity	**617,219,925**	**-**	**617,219,925**	**-**	**-7,768,848**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,132,581**	**610,583,659**