Cassa
depositi
e prestiti

CONSOLIDATED INTERIM FINANCIAL REPORT 2015

(Translation from the Italian original)

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INTRODUCTION

Role and mission of the CDP Group

Presentation of the CDP Group

The CDP Group (the "Group") works to support growth in Italy. It employs its resources – mainly funded through its management of postal savings (postal savings bonds and postal passbook savings accounts) – in accordance with its institutional mission, in its capacity as a:

- leader financier of investments by the public administration;
- catalyst for infrastructure development;
- key player in supporting the Italian economy and business system.

The CDP Group promotes local development, financing investment by public entities, assisting local authorities in leveraging their real estate holdings, investing in social housing and supporting energy efficiency policies.

In its role as catalyst for infrastructure development, the Group – using finance arrangements and guarantees – supports public-interest projects and enterprises for investments for the delivery of public services. It also performs this role by taking direct equity stakes in infrastructure companies and subscribing units in domestic and international infrastructure equity funds.

The Group also uses debt and equity instruments to provide support to strategic domestic companies and small and medium-sized enterprises ("SMEs"), thereby fostering their growth, efficiency, international expansion and investment in research.

Composition of the CDP Group

Aside from the Parent Company, the Group includes the following subsidiaries, which are subject to management and coordination in order to coordinate the actions of the subsidiaries and CDP in the interest of the Group: CDP GAS S.r.l. ("CDP GAS"), CDP Immobiliare S.r.l. ("CDP Immobiliare"), CDP RETI S.p.A. ("CDP RETI"), CDP Investimenti Società di Gestione del Risparmio S.p.A. ("CDPI SGR"), Fintecna S.p.A. ("Fintecna"), Fondo Strategico Italiano S.p.A. ("FSI"), SACE S.p.A. ("SACE") and Simest S.p.A. ("SIMEST").

The companies subject to the management and coordination of the Parent Company are shown below.

– Companies subject to management and coordination by CDP SpA –

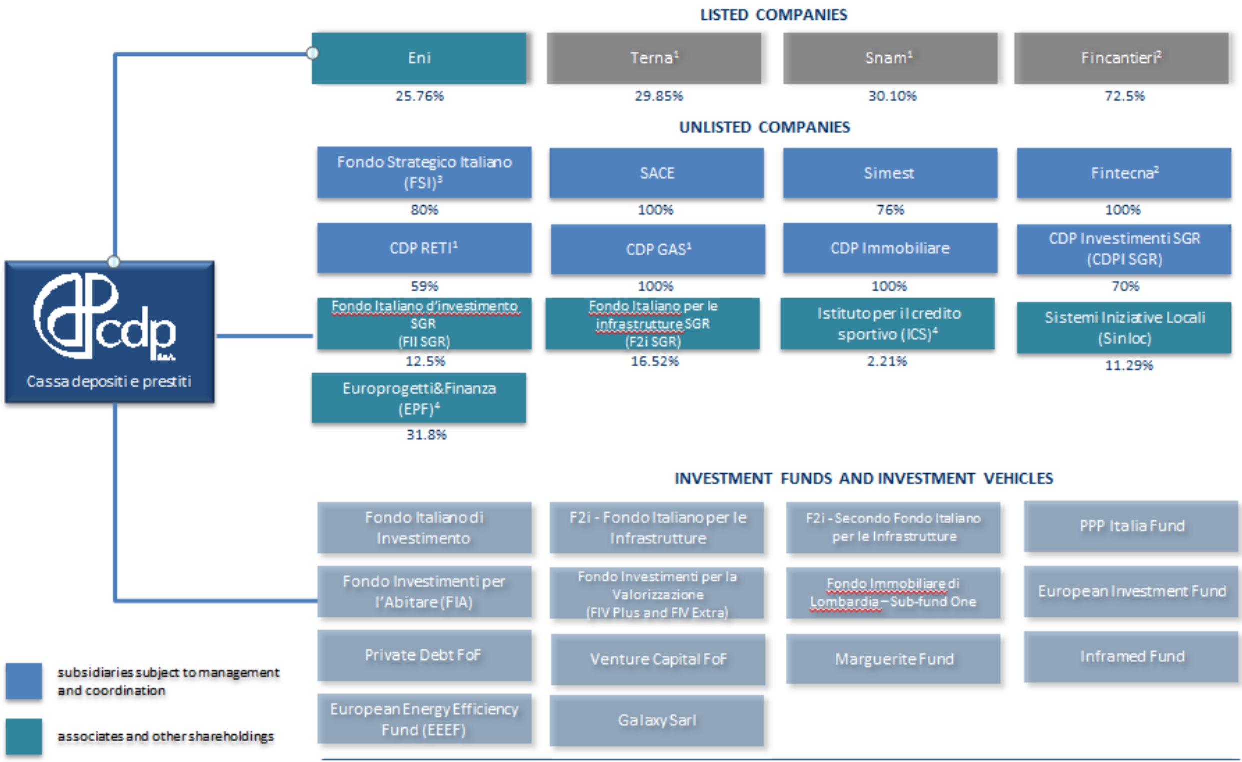
Note that Quadrante S.p.A. ("Quadrante") was merged into CDP Immobiliare effective 1 January 2015, as part of the consolidation of real estate operations.

CDP is a shareholder in a large number of listed and non-listed companies, and has significant stakes in private equity funds. CDP's main equity investments include:

- the aforementioned subsidiaries subject to management and coordination;
- associates and other shareholdings: Eni S.p.A. ("Eni"), Fondo Italiano d'Investimento SGR S.p.A. ("FII SGR"), Fondi Italiani per le Infrastrutture SGR S.p.A. ("F2i SGR"), Istituto per il credito sportivo ("ICS"), Sistema Iniziative Locali S.p.A. ("Sinloc") and Europrogetti & Finanza S.p.A. in liquidazione ("EPF");

- investment funds and investment vehicles: Inframed Infrastructure SAS à capital variable (“Inframed”), 2020 European Fund for Energy, Climate Change and Infrastructure SICAV-FIS Sa (“Marguerite”), European Energy Efficiency Fund SA, SICAV-SIF (“EEEF”), F2i - Fondo Italiano per le infrastrutture (“F2i”), F2i – Secondo Fondo Italiano per le infrastrutture (“F2i II”), Fondo PPP Italia (“PPP Italia”), Fondo Immobiliare di Lombardia – Comparto Uno (“FIL”), Fondo Investimenti per l’Abitare (“FIA”), Fondo Investimenti per la Valorizzazione (“FIV”), Fondo Italiano d’Investimento (FII), Fondo di Fondi *Private Debt*, Fondo di Fondi *Venture Capital*, European Investment Fund (“EIF”) and Galaxy S.àr.l. SICAR (“Galaxy”).

CDP also holds controlling interests in SNAM S.p.A (“SNAM”) through CDP RETI and CDP GAS, in TERNA S.p.A (“Terna”) through CDP RETI and in Fincantieri S.p.A. (“Fincantieri”) through Fintecna.



1) *CDP has an ownership interest of 30.10% in SNAM SpA, of which 28.98% through CDP RETI SpA and 1.12% through CDP GAS Srl. Also through CDP RETI SpA, CDP owns 29.851% of the share capital of TERNA SpA*
2) *Through Fintecna SpA, CDP owns 72.5% of the shares of Fincantieri SpA*
3) *CDP has an ownership interest of 80.00% in FSI SpA, of which 77.70% directly and 2.30% through Fintecna SpA*
4) *In liquidation*

For information on transactions with related parties, please see the appropriate section of the notes to the consolidated financial statements.

For a breakdown of the companies included in the scope of consolidation, please see the annex to the condensed consolidated interim financial statements.

History of the CDP Group

CDP was established in Turin in 1850 in the form of an Institution. Initially, its function was to receive deposits as a "place of public trust". From 1857, its activities were expanded by Royal Decree to include funding of public entities.
Postal savings passbooks were created in 1875, whose proceeds were used by CDP to finance investments in public works and pay down the existing debts of local authorities.
In 1898, Cassa depositi e prestiti was transformed into a Directorate General of the Italian Treasury. In 1923, postal savings bonds were introduced for the first time.

In 1983, in response to profound changes in the legal and institutional frameworks of the company’s reference markets, the process of separating CDP from the state began. This was concluded on 12 December 2003 with its transformation into a joint-stock company (CDP S.p.A.) and its exit from the realm of the public administration. CDP’s new legal form strengthened its powers of initiative, made its management more flexible and efficient, and gave it greater administrative, organisational, ownership and accounting autonomy, but its public purpose and pursuit of the general interest were left unchanged.

With its transformation into a joint-stock company, the bank foundations became shareholders of CDP. Today, 64 foundations hold a total of 18.4% of its share capital. The Ministry for the Economy and Finance (“MEF”) is CDP’s main shareholder, with 80.1% of share capital.[1]

CDP is subject to the Italian Banking Act (TUF) and, since 2006, to the reserve requirement regime established by the monetary authorities for the banking system.

Over the last decade, CDP has assumed a central role in supporting Italy's industrial policies. In fact, since 2009 CDP has been able to finance initiatives that are in the public interest, including alongside private entities, without having an effect on the public finances. Financing is directed towards operations that present adequate creditworthiness and economic and financial sustainability. CDP also supports the national economy by financing SMEs (which have a significant weighting in the national economy) via the banking channel and by covering the

1 The remaining 1.501% was bought back by CDP after two banking foundations exercised their right of withdrawal arising from the conversion of preference shares.

requirements of the market in relation to the availability of medium and long-term funding. Finally, 2012 saw the formation of the CDP Group, comprising Cassa Depositi e Prestiti S.p.A. and the companies subject to management and coordination.
CDP's scope has therefore expanded in recent years and been matched by changes to how it operates, in order to ensure (i) the provision of credit for public investment, infrastructure and enterprises to reverse the economic cycle in the medium/long term, (ii) direct investment in risk capital, strategic networks and assets, and (iii) indirect investment (through FSI and FII) aimed at supporting the growth and international expansion of SMEs and strategic enterprises.

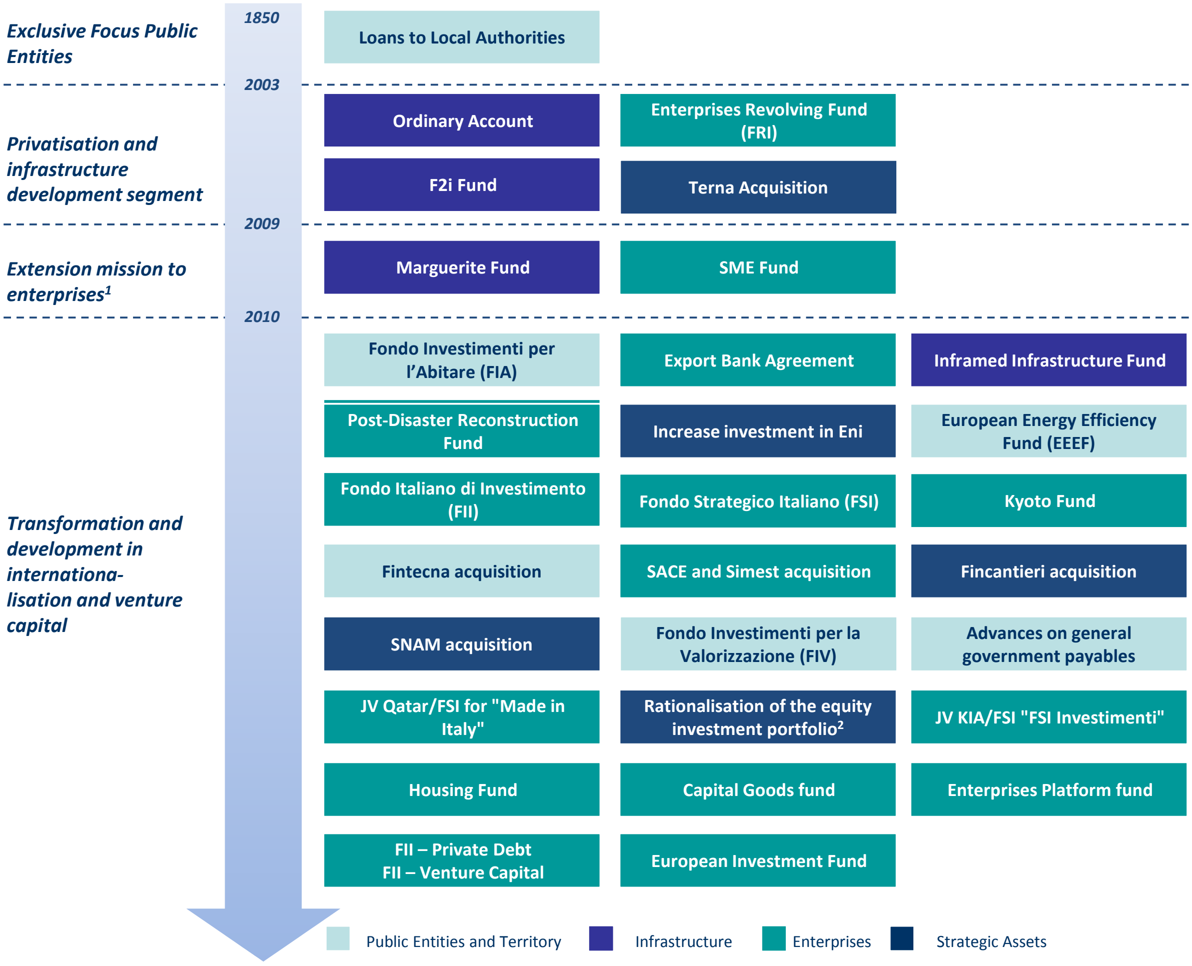
In the Public Entities and Local Development segment, efforts to build the value of the company's real estate holdings have been stepped up by integrating the resources and skills of CDP Immobiliare, making investments in social housing through the FIA and adding value to the properties owned by entities through the FIV. In the residential real estate market, CDP is providing people with resources for the purchase of residential property and energy-efficient redevelopment work. At the same time, in order to optimise the financial operations of public entities while remaining within the limits allowed by budget constraints and the stability pact, CDP has also managed cash advances on general government trade payables.

In the infrastructure segment, CDP has increased its role in assisting with the bancability of major works, including by operating as an anchor investor thanks to its equity investments in various funds such as F2i, Marguerite and Inframed.

With reference to the enterprises segment, which as noted represents a significant business area for CDP, the company has developed synergies with SACE and SIMEST to boost support for exports and internationalisation projects and, working together with the banking system, on the direct and indirect financing of export credit transactions for Italian enterprises (export bank). The resources to finance these enterprises' capital expenditure and working capital requirements have been boosted through the Capital Goods fund and the Enterprises Platform fund. The role of FSI has been increased, also through fund-raising activities and the addition of new institutional investors (establishment of joint ventures with the sovereign funds Qatar Holding and Kuwait Investment Authority). Additional resources have been activated to support enterprises engaged in expansion projects through the various funds available such as the European Investment Fund and the two new sections of the Fondo Italiano di

Investimenti (private debt fund for launching minibond funds and venture capital to contribute to the establishment and development of innovative Italian start-ups).

In 2014, CDP's operations were extended to international cooperation and its scope was expanded to financing infrastructural projects and investments in research, with both funding guaranteed by the State and with non-guaranteed funding (Decree Law 133/2014 – the “Unblock Italy” decree – and Law 125/2014).



1 Introduction of "separata 2" during 2009
2 Opening up of CDP Reti's share capital; transfer of TAG to SNAM; market listing of Fincantieri; release of SACE and Fintecna capital

Company Officers

Board of Directors appointed by the Shareholders' Meeting of 10 July 2015

Claudio Costamagna	*Chairman*
Fabio Gallia	*Chief Executive Officer*
Mario Nuzzo	*Vice Chairman*
Maria Cannata	*Director*
Carla Patrizia Ferrari	*Director*
Stefano Micossi	*Director*
Alessandro Rivera	*Director*
Alessandra Ruzzu	*Director*
Isabella Seragnoli	*Director*

Supplementary members for administration of Separate Account
(Article 5.8, Decree Law 269/2003, ratified with amendments by Law 326/03)

Director General of the Treasury	*Director*	*(1)*
State Accountant General	*Director*	*(2)*
Piero Fassino	*Director*	

(1) Vincenzo La Via

(2) Roberto Ferranti, delegate of the State Accountant General

Board of Auditors

Angelo Provasoli	*Chairman*
Ines Russo	*Auditor*
Luciano Barsotti	*Auditor*
Andrea Landi	*Auditor*
Giuseppe Vincenzo Suppa	*Auditor*
Giandomenico Genta	*Alternate auditor*
Angela Salvini	*Alternate auditor*

Non-Controlling Shareholders Support Committee, as of 15 July 2015

Matteo Melley	*Chairman*
Ezio Falco	*Member*
Paolo Giopp	*Member*
Anna Chiara Invernizzi	*Member*
Michele Iori	*Member*
Arturo Lattanzi	*Member*
Roberto Pinza	*Member*
Ivano Paci	*Member*
Umberto Tombari	*Member*

Parliamentary Supervisory Committee

Cinzia Bonfrisco *(Senator)*	*Chairman*
Paolo Naccarato *(Senator)*	*Vice Chairman*
Raffaella Mariani *(Member of Parliament)*	*Vice Chairman*
Ferdinando Aiello *(Member of Parliament)*	*Member*
Dore Misuraca *(Member of Parliament)*	*Member*
Davide Zoggia *(Member of Parliament)*	*Member*
Bruno Astorre *(Senator)*	*Member*
Luigi Marino *(Senator)*	*Member*
Stefano Fantini *(Council of State)*	*Member*
Pancrazio Savasta *(Council of State)*	*Member*
Claudio Gorelli *(State Audit Court)*	*Member*

Judge of the State Audit Court

(Article 5.17, Decree Law 269/2003 – attends meetings of the Board of Directors and the Board of Auditors)

Mauro Orefice	
Marco Boncompagni	*(Alternate)*

General Manager

Andrea Novelli

Independent auditors

PricewaterhouseCoopers S.p.A.

1. Overview of the first half of 2015

CDP S.p.A. - Financial aggregates and performance indicators

Reclassified income statement (millions of euros)

	30/06/2015	30/06/2014	Changes Overall	Changes %
Net interest income	380	714	-334	-46.8%
Gross income	1,001	1,362	-361	-26.5%
Operating income	949	1,287	-337	-26.2%
Net income	916	1,203	-287	-23.8%

Reclassified balance sheet (millions of euros)

	30/06/2015	31/12/2014	Changes Overall	Changes %
Total assets	371,888	350,205	21,683	6.2%
Cash and cash equivalents and other treasury investments	194,401	180,890	13,511	7.5%
Loans to customers and banks	103,092	103,115	-23	-0.0%
Equity investments and shares	29,663	30,346	-683	-2.2%
Funding	349,893	325,286	24,607	7.6%
Equity	19,415	19,553	-138	-0.7%

Main performance indicators (%)

	30/06/2015	30/06/2014
Net interest income spread	0.3%	0.6%
Gross income spread [1]	0.3%	0.6%
Cost/income ratio	6.2%	4.1%
ROE	9.4%	13.3%

1) Calculated as the difference between interest income, commission income and dividends / interest-bearing assets (including equity investments) and interest and commission expense / interest-bearing liabilities

CDP Group - Financial aggregates and performance indicators

Reclassified income statement (millions of euros)

	30/06/2015	30/06/2014	Changes Overall	Changes %
Net interest income	208	621	-412	-66.4%
Gross income	168	381	-214	-56.0%
Profit (loss) on banking and insurance operations	351	803	-452	-56.3%
Operating income	2,542	2,957	-415	-14.0%
Net income	1,128	1,531	-403	-26.3%
of which pertaining to shareholders of the parent company	434	962	*-528*	*-54.9%*

Reclassified balance sheet (millions of euros)

	30/06/2015	31/12/2014	Changes Overall	Changes %
Total assets	424,110	401,680	22,429	5.6%
Cash and cash equivalents and other treasury investments	197,616	183,749	13,867	7.5%
Loans to customers and banks	105,916	105,828	88	0.1%
Equity investments and shares	20,521	20,821	-300	-1.4%
Funding	369,501	344,046	25,455	7.4%
Equity	35,451	35,157	293	0.8%
of which pertaining to shareholders of the parent company	21,639	21,371	*268*	*1.3%*

THE ECONOMY IN THE FIRST HALF OF 2015

In the early months of the year, the main advanced economies – with the exception of Japan – saw a continuation of the GDP growth of 2014, with the US economy growing by 2.9% and the Eurozone economy by 1%. However, much uncertainty remains over the Greek crisis and geopolitical tensions in Ukraine, Libya and the Middle East, which could have a negative influence on global economic trends in the second half of the year.

In Italy, the early months of 2015 saw a return to economic recovery, albeit to a very limited extent, with GDP growth at 0.3% compared to the previous period (in real terms), above all thanks to the contribution of internal demand and, in particular, the improvement in the investment cycle. In terms of overall trends, exports remain an important driver of the national economy.

On the money markets, the ECB continued with its expansionary policy in 2015, to try to bring down inflation to a lower rate of around 2%. Following this, the first positive effects of the expansionary monetary policy have recently come to light, above all in relation to bank liquidity. At the same time, the financial markets – which continue to expect an accommodative monetary policy – have been characterised by short-term interest rates of close to zero and even negative rates, with the 3-month Euribor falling from 0.07% at the start of the year to -0.01% in May.

CDP S.P.A. RESULTS FOR THE FIRST HALF OF 2015

In terms of earnings, the results achieved at 30 June 2015 showed net income for the period of €916 million, down on the first half of 2014 due mainly to the drop in net interest income, as forecast. Indeed, net interest income was €380 million, down by about 47% compared to the same period of 2014. This trend is mainly the result of decreases in the Treasury current account interest rate, which has fallen to record lows due to the market context of a significant reduction in interest rates, also because of the start of Quantitative Easing by the ECB from May onwards.

Gross income was €1,001 million, down by 26% compared to €1,362 million in the same period of 2014, with higher revenues deriving from the sale of a part of the securities portfolio, compensating for the lower dividends received in the period mainly due to the sale of a minority stake of CDP RETI during the previous financial year.

Regarding capital, total assets came to about €372 billion, an increase of over 6% from the end of the previous year, when the total was about €350 billion. This trend is mainly the result of increased OPTES operations, the balance of which at 30 June 2015 was particularly high, totalling €54 billion (versus €38 billion at the end of 2014).

Cash and cash equivalents (with the available balance on the treasury account equal to about €153 billion) amounted to €194 billion, an increase of over 7% over the end of 2014. Net of OPTES operations invested in cash and equivalents (the value of which was €39 billion, compared to €31 billion at the end of 2014), the stock was up around 4% in 2015 (€156 billion in 2015 compared to €150 billion at the end of 2014).

Loans to customers and banks, equivalent to about €103 billion, was stable compared with year-end 2014 (against a decrease in bank lending to general government and firms).

Equity investments and shares was equal to about €29.7 billion, down by more than 2% from the end-2014 figure (€30.3 billion), mainly because of the reimbursement of the share capital of SACE for around €800 million.

Total funding came to €350 billion (+8% from the end of 2014). Within this aggregate, postal funding was essentially stable (+0.6% from the end of 2014) since interest accrued more than offset negative net funding of around €1 billion; the associated stock, which comprises passbook savings accounts and postal savings bonds, amounted to about €253.5 billion.

Equity at 30 June 2015 was stable compared to the end of 2014 at approx. €19.4 billion, mainly due to the combined impact of net income for the period (€916 million), offset by dividends paid to shareholders in the period in respect of 2014 net income.

CDP GROUP RESULTS FOR THE FIRST HALF OF 2015

CDP Group net income for the first half of 2015 amounted to €1,128 million (€434 million of which pertaining to the shareholders of the parent company), a decrease of about 26% compared to the same period of 2014.

Net interest income of €208 million was down by €412 million compared to 2014, mainly due to the Parent Company's Treasury current account interest rate falling to record lows, as mentioned.

The Group's gross income stood at €168 million, down €214 million. The contribution from management of the equity investment portfolio, at €115 million, was down 80% compared to the same period of 2014. This downward trend can largely be explained by the decline in ENI's profitability, connected to the fall in oil prices.
The decreases mentioned above were partially mitigated by gains realised from the active management of the Parent Company's securities portfolio, the sale of 2.57% of Generali by FSI and the SACE Group's trading and hedging activities.

It is also worth noting the contribution from insurance operations, equal to €184 million, albeit down on the same period in 2014 due to lack of the significant writebacks on sovereign debt seen in the first half of last year.

Finally, net income for the period also included Group non-financial revenues and expenses of €1.3 billion, in line with the same period of 2014. This income was mainly attributable to the core business of the SNAM, Terna and Fincantieri groups.

With regard to balance sheet aggregates, the total assets of the CDP Group at 30 June 2015 came to about €424 billion, up 6% compared with 31 December 2014.

Cash and cash equivalents of €198 billion were up more than 7% compared to 2014. The change in the balance of the period, amounting to +€14 billion, is largely attributable to the parent company.

Equity investments and shares reached €21 billion at 30 June 2015, down 1% on last year. The change is attributable to the sale of 2.57% of Generali by FSI and the changes to the scope of consolidation, partially mitigated by the measurement at equity of ENI, where the changes in the euro/dollar exchange rate had a particularly significant effect.

Total funding came to €370 billion, up 7% from 31 December 2014. Aside from the aspects relating to the Parent Company as already discussed, this change reflects the repayment by FSI of the cash received as collateral for the hedging transaction on Generali, the placement of a subordinated bond issue carried out by the SACE Group to strengthen its capital structure, new issues by the Terna and SNAM groups as part of the process of debt optimisation, and the increase in the current portion of financing from banks of the Fincantieri group.

Group equity amounted to approximately €35 billion, an increase of 1% on 2014. This growth attributable to the net income generated by the various Group companies, offset by dividends paid to third-party shareholders. Around €22 billion of total equity pertains to the shareholders of the parent company (an increase of +1% on 2014) and about €14 billion to non-controlling interests.

2. Macroeconomic scenario and the market

2.1. MACROECONOMIC SCENARIO

In the first part of 2015, the main advanced economies – with the exception of Japan – saw a continuation of the GDP growth that characterised 2014. Indeed on a year-on-year basis, the United States' economy grew 2.9% in real terms (2014: 2.4%) and the economy of the Eurozone grew 1% (2014: 0.9%). The United Kingdom economy saw a slight deceleration in growth, at 2.9% (2014: 3.4%). On the other hand, Japan remained in recession, with negative growth of -1% (2014: -0.9%). Within the Eurozone, France saw a slight recovery compared to the stagnation of the previous year, with growth of 0.8% (2014: 0.0%), while German growth slowed slightly to 1.0% (2014: 1.5%).[2]

Growth rates among the main emerging economies were especially diverse in the first half of the year. On one side, China and India continued to achieve solid GDP growth of 7.0% and 7.5%, respectively (2014: 7.3% and 7.1%, respectively). On the other side, Brazil and Russia saw their downward spiral worsen, with negative growth rates of -1.1% and -1.9%, respectively (2014: -0.3% and -0.5%, respectively)[3].

In general, the outlook for the global economy in 2015 seems to be moderately optimistic. This is attributable to the consolidation of the recovery in the advanced economies, the continued low price of oil and the expected acceleration in international trade, due above all to increased internal trade within the Eurozone. However, much uncertainty remains over the Greek crisis and geopolitical tensions in Ukraine, Libya and the Middle East, which could have a negative influence on global economic trends in the second half of the year.[4]

In Italy, the first half of the year saw renewed recovery, albeit at a very modest level. In fact, Italy's GDP growth rate in real terms was 0.3% quarter-on-quarter and 0.1% year-on-year.[5] Contributors to GDP growth included the moderate expansion of internal demand, with private consumer spending up 0.2% y/y and gross fixed capital formation up by 0.4%, while public spending has remained

2 OECD figures, *Quarterly National Accounts*. Growth rates refer to percentage changes in the first quarter of 2015, calculated year-on-year.

3 See previous note.

4 See Bank of Italy, *Economic Bulletin*, April 2015.

5 Figures refer to Q1 2015.

substantially flat with a 0% annual change[6]. Exports have remained an important driver of the national economy, with year-on-year growth of 3.5%, thanks in particular to demand from non-EU countries. The leading export destinations were the United States, United Kingdom, Netherlands, China and other Asian economies including Singapore, South Korea, Taiwan, Hong Kong, Malaysia and Thailand.

The level of recovery in internal demand does not seem, however, to have had any particular impact on prices. Although the deflationary trend of the previous months has been interrupted, in the first half of the year the consumer price index showed year-on-year growth of just slightly above zero, at 0.1%.[7]

At the same time, while industrial production has recovered to some extent, it continues to show signs of weakness. In the first half of the year, the seasonally-adjusted index showed minimal year-on-year growth – corrected for calendar effects – of 0.1%. In April, however, there was a contraction in industrial output compared to the previous month, falling -0.3%. The only segment that drove the increase in the index was capital goods (+3.0%), as production was down in intermediate goods (-1.7%), consumer goods (-1.2%) and, to a lesser extent, energy (-0.1%).[8]

On the labour market, the seasonally-adjusted unemployment rate was 12.4%, slightly down (-0.2%) year-on-year, while the rate of youth unemployment (15-24 year-olds) was 41.5%, down around one percentage point compared to the previous year (-0.9%).[9]

There are also positive signs in terms of household disposable income, which in Q1 was up, at current prices, by 0.4% quarter-on-quarter and 0.6% year-on-year. Considering current prices, household buying power was up 0.6% compared to the previous quarter and 0.8% compared to the same quarter of last year. At the same time, seasonally-adjusted household propensity to save was 9.2%, up 0.8 percentage points compared to the previous quarter and 0.6 percentage points compared to the first quarter of last year.[10]

6 See Istat, *Conti Economici Trimestrali*, 29 May 2015.

7 Istat, *Prezzi al consumo*, 30 June 2015. Preliminary figures, relative to June.

8 Istat, *Produzione Industriale*, 10 June 2015. April figures.

9 Istat, *Occupati e disoccupati*, 30 June 2015. Provisional data for May.

10 See Istat, *Reddito e risparmio delle famiglie e profitti delle società*, 1 July 2015. Latest available figures.

Overall, the Italian economy showed notable signs of recovery in the first half of the year, above all in internal demand and exports. Hopefully, the trend in prices seems to have halted the deflationary spiral, while households have increased buying power. However, some signs of weakness have remained, relating to industrial output and the unemployment rate, which is still especially high.

2.2 THE CREDIT SECTOR

2.2.1 MONETARY POLICY AND INTEREST RATES

The ECB continued with its expansionary policy in 2015 to try to bring down inflation to a rate lower than, but close to, 2% and to facilitate a more effective functioning of the monetary policy transmission mechanism. The main refinancing rate remained stable at 0.05% (since September 2014), while the overnight deposit rate was negative at -0.2%.[11]

Following on from the Central Bank's decisions, the first positive effects of the expansionary monetary policy have recently come to light, above all in relation to bank liquidity. Indeed during the first half of the year, the volume of funds requested by banks from the ECB reached end-2011 levels, confirming the fact that the banking system has gradually overcome the problems of locating funding on the markets and turning less and less to the help of the Central Bank.[12] At the same time, the markets continued to count on an accommodative monetary policy. The 3-month Euribor fell from 0.07% at the start of the year to -0.01% in May, while the Eonia rate fell from -0.08% to -0.09% over the same period.[13]

Tensions on sovereign debt markets continued to fall in the first months of the year, thanks partly to the effects of quantitative easing and partly to the other policies put in place by the ECB, but also to the first signs of recovery in the economic cycle. The spread on 10-year Italian government bonds compared to their German equivalent fell to a new low in mid March of around 90 basis points. However, following the worsening of the Greek crisis in April, the spread between Italian and German bond yields widened again, returning to above 150 basis

11 End of June figure.

12 See *CER Report*, June 2015.

13 Based on Datastream figures.

points.[14] At the same time, the general Italian Rendistato index remained particularly low, with May figures the same as at the start of the year (1.3%) after the relative low reached in April (0.9%), driven by the gradual reduction in yields on Italian government debt.[15]

The improvement in the background context in the financial sector, especially as a function of the ongoing expansion of the monetary policy, did not however bring a significant improvement in the disbursement of loans to the private sector in Italy, which in fact has continued to contract, albeit at a slower rate than last year.

In terms of prevailing interest rates on direct funding and bank loans, the average interest rate on funding from customers resident in Italy[16] continued to fall slowly, reaching 1.3% in May compared to 1.4% in January. The rate on customer deposits fell slightly to 0.6% in May, compared to 0.7% in January. Meanwhile the cost of obligations, was around 3.1%, similar to the January figure. Interest rates on loans to households and non-financial corporations have fallen to especially low levels. The weighted average rate hit a historic low in May of 3.4%, compared to 3.6% in January.[17]

2.2.2 LENDING AND FUNDING IN CDP'S REFERENCE MARKET

In the first half of the year, CDP's reference market has continued to contract, even though the decline has been slower than in the corresponding period of the previous year. The volume of lending to general government entities, non-financial corporations and Italian producer households fell -1.8% year-on-year – slightly lower than the corresponding figure in 2014 of -2%.[18] The downward trend in the market has been caused by the still markedly negative trend of lending to non-financial corporations (-2.7%) and producer households (-2.6%) that make up the Enterprises segment. This negative pattern has not been sufficiently offset by loans to general government entities, even though they were up by +1.1%. Although lending conditions improved over the course of the

14 Based on Datastream figures.

15 See previous note.

16 Deposits, obligations and repos in the household and non-financial corporations segment.

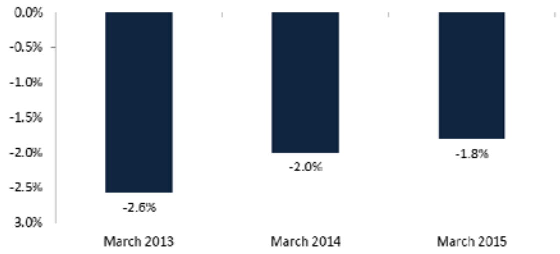
17 See *Abi Monthly Outlook*, June 2015.

18 Latest available figures relative to 31 March.

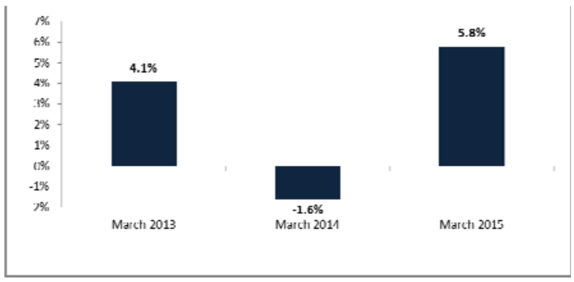
year, the contraction in loans continued to be driven by the continued high risk of borrowers.[19]

As regards the riskiness of loans, non-performing loans have continued to increase, against a background of weak economic recovery and investments. In April 2015, gross NPLs totalled about €192 billion, a €25 billion increase compared to the same month of the previous year (+15%). The ratio of NPLs to total loans reached the highest value for more than a decade, at 10%. Looking solely at loans to non-financial corporations, the figure is even higher at 17%.[20]

Banks loans to general government and enterprises
(% change in stock)



Household financial assets
(% change in stock)



As regards the CDP's core funding market, initial estimates point to a reversal of trend. In the first half of the year, the stock of household financial assets grew year-on-year by +5.8%,[21] compared to a fall of -1.6% in the same period last year.[22] This increase is mainly due to the positive trend in asset management and life insurance products, which improved year-on-year thanks to the low interest rates and favourable conditions on stock markets.

Meanwhile, in the first part of the year, the positive trend in bank funding through deposits continued. Against a context of low yields offered to customers and relative uncertainty over future prospects, households have continued to show a preference for more liquid instruments rather than those with longer

19 Based on Bank of Italy figures.

20 See *Abi Monthly Outlook*, June 2015.

21 Household financial assets comprise direct bank funding (current accounts, deposits and bonds), investments in mutual funds (asset management), government securities and life insurance.

22 Latest available figures relative to 31 March.

maturities. Yields on bank bonds have continued to fall, driven – on the demand side – by the aforementioned preference among households for liquid instruments and – on the supply side – by the greater availability of funding within the system.

2.3 PUBLIC FINANCES

Public finances improved slightly in the first half of the year, compared to the corresponding period of last year. General government net borrowing was equal to 5.6% of GDP, compared to 6% in the same period of 2014, while the primary balance was essentially stable at 1.8% of GDP (1.7% in the same period of 2014).[23]

The reduction in net borrowing, albeit limited, is due to a fall in total general government outgoings as a proportion of GDP, with stable total revenues. In the period in question, total outgoings fell by 0.5% of GDP to 48.5%, compared to 49% in the corresponding period of the previous year. In the same time frame, total revenues remained stable at 42.9% of GDP.[24] Lastly, public debt was 135% of GDP, up around 4 percentage points compared to the same period last year.[25]

Looking at the reference market of CDP, comprising the debt of territorial entities (Municipalities, Provinces, Regions and Other Territorial Entities) and loans to central government, in the first half of the year there was an increase of around €4 billion in the outstanding balance[26]. In particular, this increase was mainly caused by the rise in interest-bearing loans to central government (from €54 to €58 billion), while the total debt of territorial entities remained almost unchanged (from €99 to €100 billion). In fact, the increase of around €1 billion in loans to territorial entities was almost entirely offset by a reduction of the same amount in securitisations, while the stock of bonds issued by these entities remained unchanged at €21 billion.

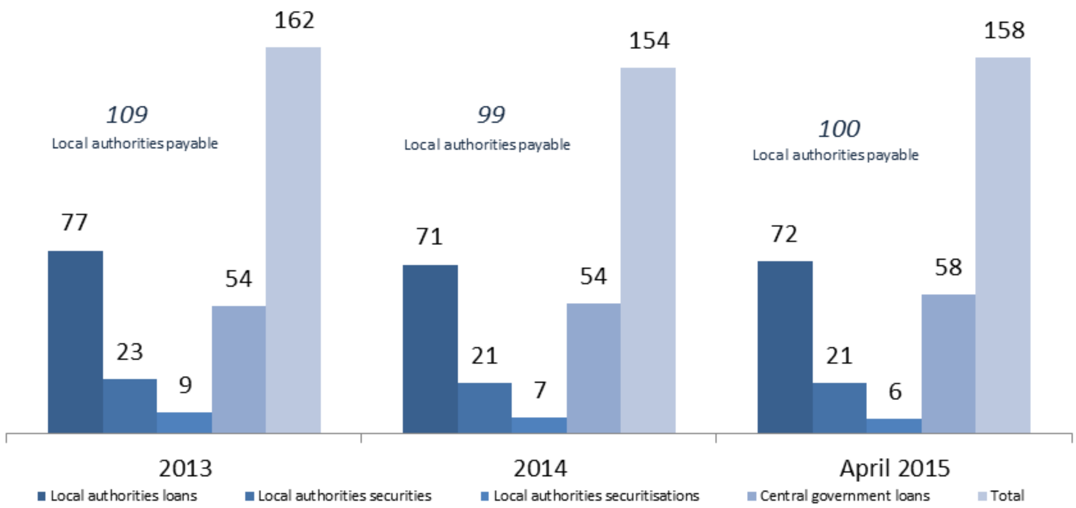
23 See Istat, *Conto economico trimestrale delle Amministrazioni pubbliche*, 1 July 2015. Figures relate to Q1 2015. General government net borrowing has a strong cyclical aspect, due to seasonal oscillations between the public sector’s revenue and outgoings, which in the first half of the year generally show a larger deficit. For 2015, however, the total estimated deficit of general government is 2.6% (source: AMECO).

24 See previous note.

25 Based on Istat and Bank of Italy figures. Figures for March 2015.

26 Changes between December 2014 and April 2015.

Stock of debt held by territorial entities and loans to central government (figures in billions of euros)[27]



Regarding the composition of the debt of the territorial entities, the greatest contributor was local authorities (Municipalities and Provinces), which had debts of approximately €54 billion (55% of the total), while the amount of debt attributable to the Regions was around €34 billion (34% of the total) and Other Territorial Entities accounted for around €12 billion (12% of the total).

2.4 THE REAL ESTATE SECTOR

The level of uncertainty that has continued to affect the domestic economy, despite the signs of recovery, has been reflected in the dynamics of the real estate market. In the first half of the year, real estate sales were down 3.4% on the year, at least partially cancelling out the rise in 2014[28]. The contraction affected all sectors, albeit to differing extents: the manufacturing sector was down 7.1% – twice the average – compared to a reduction in residential transactions equal to 3%.

At the same time, the downward trend in house prices also continued. In the first six months of the year there was a year-on-year contraction of 3.4%, continuing

27 Based on Bank of Italy figures.

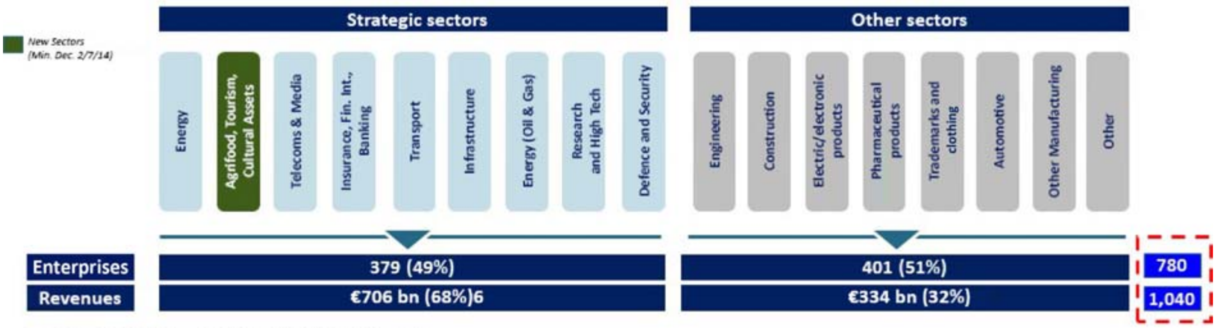
28 Latest available figures relative to Q1 2015.

a process now ongoing for more than three years[29]. Compared to 2010, the fall in house prices has reached -13.7%, due both to the decline among existing homes (-18.6%) and – albeit to a much lesser extent – among new homes (-1.5%).

Against this context – which marks a setback in a segment that in 2014 had started to consolidate signs of gradual recovery – there was however an encouraging sign from the lending market. Indeed in the last five quarters there has been an increase in the number of home-purchase loans to households, with a year-on-year rise of 35% in the first quarter of 2015.

2.5 PRIVATE EQUITY AND THE REFERENCE MARKET OF FSI

In accordance with the Ministerial Decrees of 3 May 2011 and 2 July 2014, and the articles of association, FSI has identified the possible reference market for its investments: a detailed analysis process put around 780 enterprises within FSI's overall scope, as described below.



Source: AIDA; Roland Berger analysis of 2013 financial statements

An analysis of the FSI Investimenti reference market at European level shows that there were 80 transactions in first half of 2015, worth USD 44 billion. This is higher than the 75 transactions, worth USD 39 billion, carried out in the first half of 2014, yet still below the peaks seen in 2006 and 2007 (nearly USD 300 billion in each year). Investments in the first half of 2015 were mainly in the industrial sector (20%), consumer goods (19%) and health (13%). In geographical terms, the transactions were mostly carried out in the United Kingdom (67%) and Germany/Switzerland (11%). Transactions completed in Italy accounted for only 5% of the total.

29 See Istat, *Prezzi delle abitazioni*, 2 July 2015. Figures relative to Q1.

Market volumes in Italy were limited and out of line with characteristics of the country's economy, which, by contrast, as Europe's second-largest manufacturer, has well-established companies operating in premium niche areas, and a high percentage of family businesses with debt and succession issues. In Italy, moreover, the private equity market accounted for just 0.11% of GDP in 2014, compared to 0.43% in the United Kingdom, 0.39% in France, and a European average of 0.23%.

In terms of FSI's market segment in Italy, five deals involving funds were concluded in Italy in the first half of 2015, for a value of €3 billion, compared with six in the first half of 2014 and a total of 9 concluded in the full year 2014.

Equity capital investments completed in 1st Half of 2015 in Italy in FSI's
Fund buyer segment (Transaction size > €50 M)

Target	Buyer	Revenues (€m)	Equity (€m)[1]	Stake acquired	FSI scope of investment Min. Dec. 2/7/2014	Transaction structure
F2i Aeroporti	Ardian, Crédit Agricole Assurance	900	**400**	49.0%	Industry/Size	Secondary
ICBPI	Advent, Clessidra, Bain Capital	670	**1,845**	85.8%	Industry/Size	Secondary
Giochi Preziosi	Oceanic Gold Global	800	**62**	49.0%	Size	Primary + Secondary
UBI Assicurazioni	Ageas, BNP Paribas Cardif	211[2]	**75**	50.0%	Sector	Secondary
Petrolvalves	TBG Holding	259	**600[3]**	60.0%	Size	Secondary
		Total invested by funds	**2,982**			

[1] Equity investment made; [2] 2013 Revenues; [3] Figure not publicly available. Enterprise value of the stake acquired shown

Source: Factset, Mergermarket, press reports

In first half of 2015 a total of four deals were concluded with industrial firms, compared to five in the first half of 2014 and 12 in total in 2014.

Equity capital investments completed in 1st Half of 2015 in Italy in FSI's
Industrial buyer segment (Transaction size > €50 M)

Target	Buyer	Revenues (€m)	Equity (€m)[1]	Stake acquired	FSI scope of investment Min. Dec. 2/7/2014	Transaction structure
Pirelli	ChemChina	6,018	**1,869**	26.2%[3]	Size	Secondary
Ansaldo STS/Ansaldo Breda	Hitachi	1,793[2]	**808**	40.0%[4]/100.0%	Industry/Size	Secondary
Sorin	Cyberonics	747	**1,201**	100.0%	Industry and size	Secondary
Salov	Bright Food	330	**117[5]**	90.0%	Industry and size	Secondary
		Total invested by industrial buyers	**3,995**			

[1] Equity investment made [2] 2013 figure; [3] Following the completion of the purchase of 26.2% of Pirelli from ChemChina, a consortium made up of Camfin, Rosneft and ChemChina, and controlled by the latter, will make a tender offer for the remaining 73.8%; [4] Following the completion of the purchase of 40% of Ansaldo STS by Finmeccanica, Hitachi will make a tender offer for the remaining 60%; [5] FSI estimate Figure not publicly available

Source: Factset, Mergermarket, press reports

3. Composition of the CDP Group

3.1. PARENT COMPANY

Cassa Depositi e Prestiti S.p.A. ("CDP") is the result of the transformation of CDP from an agency that was part of general government into a joint-stock company pursuant to Article 5 of Decree Law 269 of 30 September 2003, ratified, with amendments, by Law 326 of 24 November 2003, as amended. Subsequent decrees issued by the MEF implemented the transformation Decree Law and established the assets and liabilities of CDP, as well as the guidelines for organisational and accounting separation and the procedures to be followed in setting the terms and conditions of lending and funding under the Separate Account.

The Decree Law outlines the new company's main lines of activity, which maintain continuity with CDP's mission prior to the transformation. Subsequent regulatory changes considerably expanded CDP's institutional mission and areas of responsibility.

Therefore, CDP is now a long-term investor, outside the scope of general government, providing funding for national infrastructure and the economy. CDP's corporate purposes comprise the following activities:

1) Financing, of any sort, of the state, regions, local authorities, public entities and public law bodies;
2) Financing, of any sort, provided for (i) public-interest initiatives "promoted" by the entities identified to in the previous point; (ii) general-interest initiatives, as defined by the ministry; (iii) supporting business internationalisation and exports; (iv) initiatives targeted at businesses to prop up the economy through the banking system or through the subscription of investment funds managed by an asset management company, whose corporate purpose achieves one or more of the institutional missions of CDP; (v) international development cooperation initiatives, targeted at public and private organisations; (vi) banks operating in Italy for the disbursement of mortgages on residential real estate mainly for the purchase of principal dwellings and for renovation and energy efficiency works;
3) Financing, preferably under joint financing arrangements with credit institutions, for (i) works, systems, networks and equipment designed for

initiatives of public utility; (ii) investments in research, development, innovation, protection and enhancement of cultural heritage, promotion of tourism, environment and energy efficiency and the green economy;

4) Acquiring equity interests transferred or assigned to the company by decree of the Minister for the Economy and Finance as per Article 5.3 b) of Italian Decree Law 269 of 30 September 2003;
5) Acquiring direct or indirect equity investments in companies of major national interest, as defined in the decree of the Minister for the Economy and Finance of 8 May 2011, having a stable financial position and performance and adequate profit-generating prospects;
6) Purchase of (i) covered bank bonds backed by mortgages on residential real estate and/or securities issued under Italian Law 130 of 30 April 1999, as part of securitisation transactions involving debt deriving from mortgage on residential real estate; (ii) securities issued under Italian Law 130 of 30 April 1999, as part of securitisation transactions involving receivables from SMEs for the purpose of increasing lending to SMEs.

In pursuing the corporate purposes stated in points 1), 2) and 4), the company draws on funds redeemable by way of postal savings passbooks and postal savings bonds, guaranteed by the state and distributed through Poste Italiane S.p.A. or its subsidiaries, and funds deriving from the issue of notes, the taking on of loans and other financial transactions, which can be guaranteed by the state. The same funding may also be drawn on to pursue the purposes stated in points 5) and 6).
In pursuing the corporate purpose stated in point 3), the company draws on funds raised through the capital market or banking system, deriving from the taking on of loans, issue of securities or other financial transactions, or on government grants and contributions from private entities or international organisations, or on other own funds and financial revenue compatible with the corporate purpose, all of which is not guaranteed by the state and precludes the raising of demand funds. Said funding may also be drawn on to pursue the corporate purposes stated in points 5) and 6).

All of these activities must be conducted by CDP in a manner that, within the context of the separate accounting and organisational system, preserves the long-term financial stability of the organisation while ensuring a return on investment for shareholders.

In accordance with Article 5.6 of Decree Law 269/2003, the provisions of Title V of the Consolidated Banking Act concerning supervision of non-bank financial intermediaries, taking account of the characteristics of the entity subject to supervision and the special rules that govern the Separate Account, apply to CDP.

The company is also subject to the oversight of a Parliamentary Supervisory Committee and the State Audit Court.

ORGANISATIONAL AND ACCOUNTING SEPARATION

Article 5.8 of Decree Law 269/2003 established a system of organisational and accounting separation between the activities of general economic interest and the other activities performed by the company.

By the end of the 2004 financial year, CDP had completed the procedures to implement organisational and accounting separation after having obtained the opinion of the Bank of Italy and submitting the definitive criteria to the MEF pursuant to Article 8 of the MEF decree of 5 December 2003. As such, the organisational and accounting separation took full effect from 2005.

CDP's implementation of this system of organisational and accounting separation was necessary to ensure compliance with EU regulations regarding state aid and domestic competition, in light of the fact that certain forms of CDP funding, such as postal bonds and passbook savings accounts, benefit from a state guarantee in the event of issuer default. The existence of this guarantee, which is justified, first and foremost, by the social and economic importance of postal savings (which was defined by the MEF decree of 6 October 2004 as a service of general economic interest on the same level as the activities of lending to public entities and public-law bodies under the Separate Account), makes it necessary to distinguish between activities that are not of general economic interest and are, therefore, potentially conducted in competition with other market players.

More specifically, the separation arrangements put in place by CDP envisage:

- for accounting purposes, the establishment of three operating units called, respectively, the Separate Account, the Ordinary Account, and Joint Services, within which CDP's existing organisational units have been re-grouped. The Separate Account includes, in general, the units responsible for: financing the state, regions, local authorities, public entities and public law bodies; financing initiatives directed at public-interest "promoted" by such entities; financing of general-interest initiatives, as defined by the MEF by decree; public-interest initiatives designed to support the international expansion of enterprises and initiatives benefiting SMEs for the purpose of fostering economic growth. The Separate Account also includes the management of the assets and functions transferred to MEF with CDP's transformation into a joint-stock company, and the provision of advisory services to government bodies. The Separate Account may also have a role in energy efficiency projects and in loans granted to support international development cooperation activities. The Ordinary Account includes units responsible for financing and related advisory, study and research activities targeted at: (i) works, systems, networks and equipment designed for initiatives of public utility; (ii) investments in research, development, innovation, protection and enhancement of cultural heritage, promotion of tourism, environment and energy efficiency and the green economy. Joint Services include the units responsible for shared functions of governance, policy, control and support for the company in the light of the company's unique status;

- the existence of a double level of separation, with the first level envisaging the allocation of direct costs and revenues to the Accounts and Joint Services, and the second level the subsequent allocation to the Accounts of the costs and revenues of Joint Services on the basis of appropriate analytical accounting methods;
- the recognition and measurement of any internal transactions between the Separate Account and the Ordinary Account, or between the Accounts and Joint Services, using the respective market prices as a benchmark, with a view to preventing unauthorised transfers of resources;
- the preparation of distinct annual income statements on the basis of the levels of separation described above.

Under CDP's organisational structure at 30 June 2015, the Separate Account encompasses the following areas: Public Entities, Real Estate, Economic Support, and Public Interest Lending, while the Financing business area falls under the Ordinary Account.
Joint Services include the Corporate Centre areas and the governance and control bodies.

From the very start of operations for the Ordinary Account, CDP chose to keep cash flows separated for the two Accounts, although such a strict division is not required by the system of accounting separation. In other words, the forms of funding, lending and liquidity management (deposits and current accounts) for the Separate Account are distinct and autonomous from the analogous instruments used for the Ordinary Account, with the sole exception of temporary and exceptional circumstances.

STRUCTURE

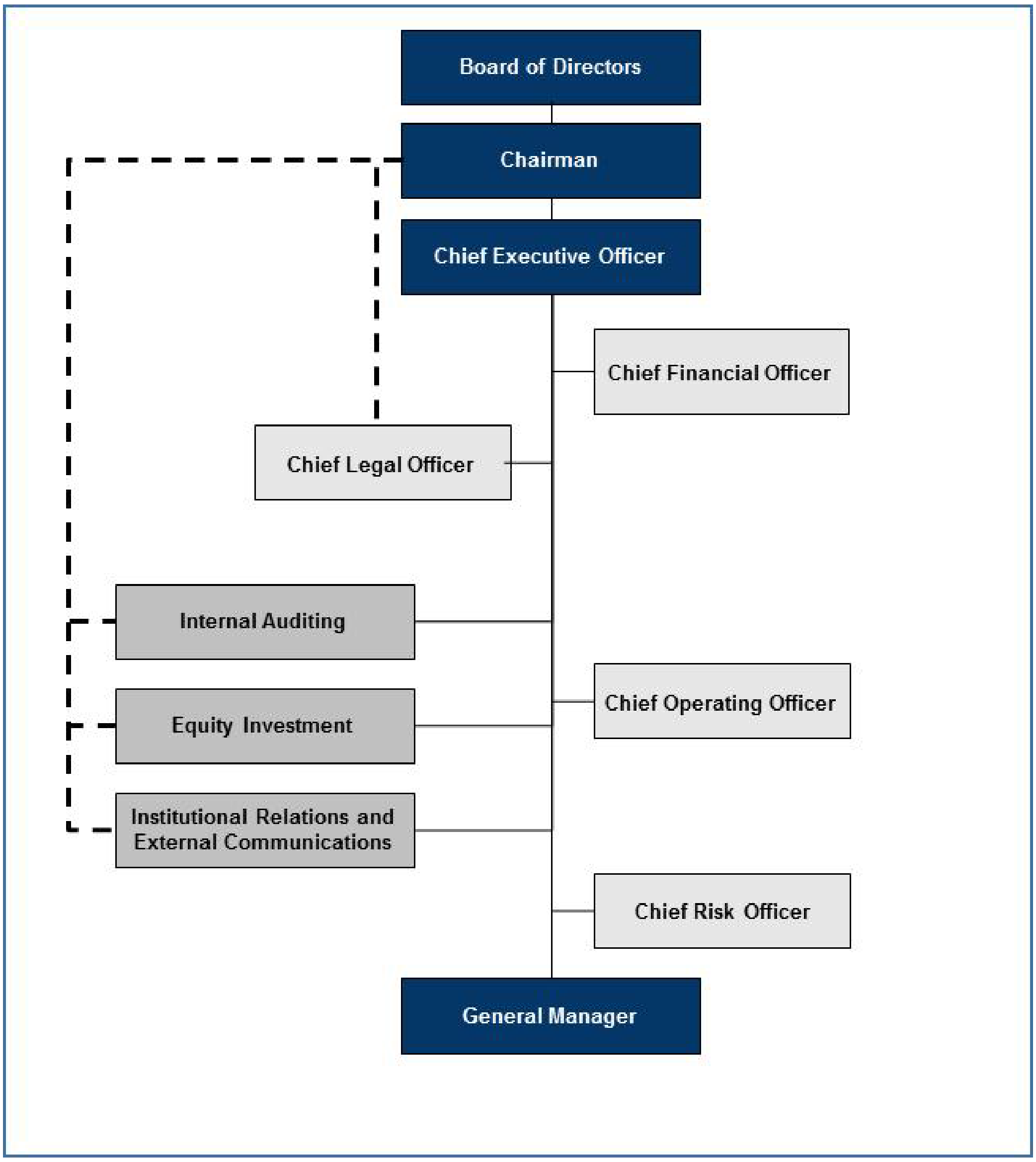
At the date of this report, CDP is structured as follows.

Reporting directly to the Chief Executive Officer are the Chief Financial Officer, Chief Operating Officer and Chief Risk Officer.
The Chief Financial Officer coordinates the following organisational units: Administration, Accounting and Reporting; Funding and Financing; Tax; Planning and Control.
The Chief Operating Officer coordinates the following organisational units: Purchases and Demand Management; ICT Governance and Organisation; Operations; Human Resources.
The Chief Risk Officer coordinates the following organisational units: Compliance; Loans; Risk Management and Anti-Money Laundering.

Reporting directly to the Chief Executive Officer and functionally to the Chairman of the Board of Directors are the Chief Legal Officer, Internal Auditing, Equity Investments and Institutional Relations and External Communications. Compliance also reports functionally to the Chairman of the Board of Directors.

Finally, the General Manager reports directly to the Chief Executive Officer and manages the following business areas: Public Entities, Financing, Public Interest Lending, Economic Support and Real Estate. The following business support areas report to the General Manager: Business Development, Loan Management, Legal Affairs and Relationship Management.

As such, the organisational chart of CDP at the reporting date is as follows:



At 30 June 2015, CDP had 616 employees, of whom: 47 senior managers, 279 middle managers, 275 office staff, 14 persons in other types of contractual relationship (ongoing collaboration arrangements and interns) and one employee seconded from another organisation.
During the first half of 2015 staff numbers continued to grow both quantitatively and qualitatively, with 30 new hires joining the company while 11 employees left.

3.2. Companies subject to management and coordination

CDP Investimenti SGR

CDPI SGR was established on 24 February 2009 by CDP together with Associazione delle Fondazioni bancarie e Casse di Risparmio S.p.A. (ACRI) and the Italian Banking Association (ABI). The company is registered in Rome and has share capital of €2 million, of which CDP holds 70%.

Mission

CDPI SGR is a CDP Group company that operates in the real-estate investment sector and in particular in promoting, establishing and managing closed-end alternative investment funds reserved to qualified investors in specific real estate market segments: private social housing (PSH) and developing the property assets of central government and public entities.

CDPI manages two real estate funds: the FIA and the FIV. The latter comprises two specific segments, Plus and Extra.

FIA's operations were started by the company on 16 July 2010 and its institutional purpose is to expand the availability of social housing throughout the country. The FIA primarily invests in real estate investment funds and local PSH initiatives, acquiring equity interests (including majority stakes) of up to a maximum of 80% of the capital/equity of the vehicle.

FIV is an umbrella real estate investment fund whose main objective is to promote and favour the privatisation of real estate owned by the State and public entities, by purchasing, including through auctions or other competitive procedures, real estate with unexpressed potential value that can be leveraged through a change in use, upgrading or rental.

Unlike FIA, which is a fund of funds, FIV invests directly in real estate and its asset management operations are aimed at increasing the value of the purchased real estate through their active management and disposal also in the light of market trends.

During 2014, the Board of Directors approved the formation of a new real estate investment fund named “Fondo Investimenti per il Turismo" ("FIT"). In particular, the fund’s purpose is to acquire real estate for use as hotels, accommodation, tourism and recreation, trade or services, or to be converted to these uses, mainly income generating or to be upgraded to income-generating status, to be held over the long term.

STRUCTURE

At 30 June 2015, CDPI SGR had 38 employees, of whom: 7 senior managers, 16 middle managers and 15 office staff. Over the half-year period, CDPI SGR recorded no change in staff numbers.

CDP IMMOBILIARE

CDP Immobiliare (formerly Fintecna Immobiliare S.r.l.), is a wholly-owned subsidiary of CDP, specialised in the real estate business. The company was set up by Fintecna S.p.A. as part of the restructuring of the construction and civil and system engineering division of the former IRI Group, involving the acquisition, management and redevelopment of various group assets in an effort to raise their value, also with a view to their inclusion in a structured privatisation plan.

MISSION

With the transfer of the company to the Cassa Depositi e Prestiti Group, CDP Immobiliare was integrated into a broader range of services geared toward leveraging public-owned real estate holdings.

As part of this process, CDP Immobiliare has been allocated the technical and administrative management and maintenance of a portfolio of properties in the FIV that are managed by CDPI SGR.

In particular, the company is active in three fundamental business areas:

- the acquisition, management and marketing of real estate portfolios;
- the execution of major redevelopment projects, also in partnership via the formation of investee companies;
- the performance of technical and management services in the real estate sector, both to support its own activities and as a supplier to other operators in the sector.

STRUCTURE

At 30 June 2015, CDP Immobiliare had 129 employees, of whom: 20 senior managers, 44 middle managers and 65 office staff. Compared to 31 December 2014 (132 employees), the company's staff fell in number by 3, as a result of the termination of 6 employment contracts and the hiring of 3 new office staff.

FSI

FSI is an equity holding company formed by Ministerial Decree on 3 May 2011. To date, CDP holds 77.702%, Fintecna 2.298% and Bank of Italy 20% of the share capital, which totals about €4.4 billion.

MISSION

FSI acquires equity holdings – usually non-controlling interests – in companies of "major national interest" that have a stable financial position and performance, and are capable of generating value for investors.

On 2 July 2014, the MEF broadened the investment scope of FSI via Ministerial Decree: (i) including the tourism, hotel, agrifood, distribution, cultural and artistic heritage management segments among the "strategic segments" and (ii) including companies which – though not formed in Italy – operate in some of the aforementioned segments and have subsidiaries (or permanent establishments) in Italy with total net revenues of less than €50 million and an average number of employees of no less than 250 in the last fiscal year among the companies of "major national interest".

FSI plans to make investments of a substantial individual size, establishing appropriate concentration limits for each sector based on available capital.

FSI has recently entered into co-investment agreements with sovereign funds that have expressed an interest in investing in Italy and in cooperating with institutions. This had the following outcomes:

- in 2013 (i) the joint venture IQ Made in Italy Investment Company S.p.A. ("IQ") was formed with Qatar Holding LLC for investments in the "Made in Italy" sector and (ii) a cooperation agreement was signed with the Russian Direct Investment Fund ("RDIF") for investments of up to €500 million per transaction, in enterprises and projects that promote economic cooperation between Italy and Russia and the growth of their respective economies;
- in 2014 (i) a new investment company called FSI Investimenti was formed in which FSI will hold approximately 77% and KIA approximately 23%; (ii) a cooperation agreement was signed with China Investment Corporation ("CIC International") for joint investments of up to a maximum value of

€500 million for each of the two institutions, in order to promote economic cooperation between Italy and China;
- in 2015, a cooperation agreement was signed with Korea Investment Corporation (KIC) for joint investments of up to a maximum value of €500 million each.

STRUCTURE

At 30 June 2015, the company had 36 members of staff (plus the CEO), of whom: 12 senior managers, 12 middle managers and 12 employees, an increase of 33 employees compared to the end of 2014.

FINTECNA GROUP

Fintecna was formed in 1993 with for the specific purpose of reorganising the recoverable businesses and/or performing transitional management activities connected with the liquidation of Iritecna, preparing the way for its privatisation. With effect from 1 December 2002, Fintecna and its residual assets were merged into IRI, which was in liquidation.

In 2003–2005, Fintecna consolidated its foothold in the real estate sector through the acquisition of key assets from the state. In 2007–2010, specific legislative provisions transferred state-owned assets to Fintecna for their managed liquidation.

On 9 November 2012, CDP acquired the entire share capital of Fintecna from MEF. In 2013, the entire property portfolio of Fintecna was transferred to CDP.

At the reporting date, the main equity investment held by Fintecna consisted of a controlling interest in Fincantieri, equal to 72.51% of the share capital; however, with the floating of the company, Fintecna no longer provides for the management and coordination of the company.

MISSION

The main activities of the Fintecna Group are currently:
- management of liquidation processes;
- management of litigation mainly arising from acquired companies;
- other activities, including providing support (under specific legislation) to the people affected by the earthquakes in Abruzzo in 2009 and Emilia in 2012, as well as the provision of professional assistance to the special commissioner in charge of overseeing the debt reduction plan of Roma Capitale.

STRUCTURE

At the parent company Fintecna S.p.A., staff numbered 144 employees at 30 June 2015, compared to 155 employees at 31 December 2014.

SACE GROUP

SACE was established in 1977 as a public entity under the supervision of the MEF. In 2004, it was transformed into a joint-stock company (*società per azioni*), wholly owned by the MEF. On 9 November 2012, CDP acquired the entire share capital of SACE from MEF.

MISSION

SACE is an insurance and finance group operating in the areas of export credit, credit insurance, investment protection, financial guarantees, sureties and factoring.

Specifically, the corporate purpose of SACE is insurance, reinsurance, co-insurance and the provision of guarantees against risks relating to political events and natural catastrophes, economic, trade and exchange-rate risk, as well as any other risks to which Italian companies and companies associated with them or controlled by them, including foreign companies, are exposed in the performance of their activities outside Italy and or in the internationalisation of the Italian economy. SACE's corporate purpose also includes issuing guarantees and insurance for foreign companies in Italy for transactions of strategic importance for the internationalisation of the Italian economy and for the economic security of Italy.

STRUCTURE

At 30 June 2015, the SACE Group had 715 employees, of whom: 44 senior managers, 284 management-level staff and 385 office staff. Of these, 473 worked for the parent company. The Group recorded no change in staff numbers compared to 31 December 2014.

SIMEST

SIMEST is a joint-stock company formed in 1991 to promote foreign investment by Italian companies and to provide technical and financial support for investment projects.

On 9 November 2012, CDP acquired 76% of the share capital of SIMEST from the Ministry for Economic Development (“MISE”); The other shareholders consist of a group of private-sector investors, including UniCredit S.p.A. (12.8%), Intesa Sanpaolo S.p.A. (5.3%), Banca Popolare di Vicenza S.C.p.A. (1.6%) and ENI (1.3%).

MISSION

Its main activities are:

- investment in the equity of companies outside the EU by: (i) directly acquiring up to 49% of the share capital of foreign firms; (ii) managing the venture capital fund established by the MISE;
- by investing in the capital of companies in Italy and within the EU by directly acquiring stakes, under arm’s length conditions and without any advantages, of up to 49% of the share capital of Italian companies or their EU subsidiaries that develop investments in production and in innovation and research (bailouts are not permitted);
- financing the activities of Italian companies abroad by: (i) supporting export credits for investment goods produced in Italy; (ii) financing feasibility studies and technical assistance programmes connected with investment projects; (iii) financing programmes for entering foreign markets;
- providing Italian companies seeking to internationalise their businesses with technical assistance and advisory services.

STRUCTURE

At 30 June 2015, the company had 160 employees, of whom: 10 senior managers, 76 middle managers and 74 professionals. The increase of 5 employees compared with 31 December 2014 (155 employees) is the net balance of 3 exits and the hiring of 8 employees in the first half of the year.

OTHER COMPANIES SUBJECT TO MANAGEMENT AND COORDINATION

CDP GAS S.R.L.

CDP GAS is an investment vehicle formed in November 2011 and wholly owned by CDP, through which, on 22 December 2011, an 89% interest in TAG, the exclusive operator for the transport of gas in the Austrian segment of the gas pipeline linking Russia to Italy, was acquired from Eni International B.V.

As a result of the transfer to TAG by the Austrian partner Gas Connect Austria GmbH ("GCA") of a business unit including, inter alia, the physical ownership of the gas pipeline, as part of a corporate restructuring and reorganisation plan, the equity investment held by CDP GAS in TAG fell in 2014 to an 84.47% interest in the share capital, and an 89.22% interest in assets and profits.

Negotiations in the previous financial year between CDP GAS and SNAM resulted in the transfer of the equity investment held in TAG through a capital increase reserved to the company, through which at 31 December 2014, CDP GAS held a 3.4% equity interest in SNAM. In the first quarter of 2015, in accordance with instructions from the parent, CDP, CDP GAS proceeded with a dribble-out programme for the sale on the stock exchange of 79,799,362 SNAM shares, equal to 2.28% of the share capital. As a result of the programme, CDP GAS now holds an equity investment in SNAM of 1.1%.

At 30 June 2015, CDP GAS did not have an employed workforce; administrative functions are outsourced by the company to the parent, CDP, under a service agreement made at arm's length conditions.

CDP RETI S.P.A.

CDP Reti is an investment vehicle, formed in October 2012, through which CDP purchased a stake in SNAM from ENI on 15 October 2012. At 30 June 2015, CDP Reti held 29.0% of the share capital issued by SNAM.

On 27 October 2014, CDP transferred its entire stake in TERNA, equal to 29.851% of share capital, to CDP RETI. At 30 June 2015, no change was recorded in the equity investment.

Following the completion in November 2014 of the process to open CDP Reti's share capital to outside investors, its share capital of €161,514 is now owned 59.1% by CDP, 35.0% by State Grid Europe Limited ("SGEL"), a company of the

State Grid Corporation of China group, and the remainder (5.9%) by Italian institutional investors.

CDP RETI's mission is therefore to manage the equity investments held in SNAM and Terna.

4. Financial position and performance

4.1. Parent company

The financial position and performance of the parent company at 30 June 2015 is presented below. In order to facilitate understanding of the results for the period, the analysis of the balance sheet and income statement uses the statements reclassified based on operational criteria.
In the interests of full disclosure, a schedule reconciling management accounts with the accounting statements is also provided.

4.1.1. Reclassified income statement

The reclassified income statement of the parent company for the first half of 2015 is presented below.

Reclassified income statement

(millions of euros)

	1st Half 2015	1st Half 2014	Change (+ / -)	% change
Net interest income	**380**	**714**	**(334)**	**-46.8%**
Dividends and gains (losses) on equity investments	1,158	1,318	(160)	-12.2%
Net commission income	(847)	(835)	(12)	1.5%
Other net revenues	310	165	146	88.5%
Gross income	**1,001**	**1,362**	**(361)**	**-26.5%**
Net writedowns	6	(26)	32	n/s
Overheads	(62)	(55)	(8)	14.1%
of which: administrative expenses	*(59)*	*(51)*	*(8)*	*15.7%*
Operating income	**949**	**1,287**	**(337)**	**-26.2%**
Net income	**916**	**1,203**	**(287)**	**-23.8%**

Earnings at 30 June 2015 showed a decrease in net income for the period mainly due to the expected drop in net interest income. Indeed, net interest income came to €380 million, down by about 47% compared to the same period of 2014. The trend was primarily driven by the lower interest rate earned on the treasury current account, which dropped to a record low as market interest rates fell significantly, further impacted as of March by the ECB’s quantitative easing programme.

Gross income totalled €1,001 million, a drop of 26% on the €1,362 million recorded for the same period of 2014. The breakdown of the figure shows higher revenues, deriving from the sale of a portion of the securities portfolio, which offset lower dividends collected in the period, mainly due to the disposal of a minority interest in CDP RETI in the previous financial year.

As a result of the extension of the state guarantee provided by Italian Decree Law 39/2009 to financing granted through the Abruzzo Reconstruction fund, by decree of the Minister for the Economy and Finance of 28 January 2015, write-backs were recognised in the income statement for 2015 due to the adjustment in the collective value of the loans.

Overheads mainly comprise staff costs and other administrative expenses, as well as writedowns of property, plant and equipment and intangible assets, as shown in the table below.

Breakdown of overheads

(thousands of euros)

	1st Half 2015	1st Half 2014	Change (+ / -)	% change
Staff costs	**32,763**	**28,723**	**4,040**	**14.1%**
Other administrative expenses	**26,078**	**22,023**	**4,055**	**18.4%**
Professional and financial services	3,386	3,566	(180)	-5.1%
IT costs	8,867	10,223	(1,356)	-13.3%
General services	2,952	3,264	(312)	-9.5%
Publicity and marketing expenses	6,356	777	5,579	718.0%
- of which for mandatory publicity	*382*	*322*	*60*	*18.7%*
Information resources and databases	986	807	179	22.2%
Utilities, taxes and other expenses	3,342	3,257	85	2.6%
Corporate bodies expenses	188	128	59	46.4%
Total net administrative expenses	**58,841**	**50,746**	**8,095**	**16.0%**
Expenses rebilled to third parties	89	178	(89)	-49.7%
Total Administrative expenses	**58,930**	**50,924**	**8,007**	**15.7%**
Net adjustments of property, plant and equipment and intangible assets	3,268	3,604	(335)	-9.3%
Grand total	**62,198**	**54,527**	**7,671**	**14.1%**

Staff costs in the first half of 2015 came to €33 million, an increase of 14% compared with the same period of 2014. The increase mainly reflects the planned expansion in the workforce, ordinary wage growth and higher expenses for employee services.

As concerns other administrative expenses, the increase over the same period of the previous financial year was primarily driven by expenses connected to the launch of the institution’s campaign to promote CDP’s image as an issuer of retail products, as part of the process to diversify funding streams.

As a result of these trends, net income for the period was equivalent to €916 million, down compared with €1,203 million in the first half of 2014.

4.1.2. RECLASSIFIED BALANCE SHEET

4.1.2.1 Assets

The assets of the parent company from the reclassified balance sheet at 30 June 2015 can be grouped into the following aggregates:

Reclassified balance sheet

(millions of euros)

	30/06/2015	31/12/2014	% change
ASSETS			
Cash and cash equivalents and other treasury investments	194,401	180,890	7.5%
Loans to customers and banks	103,092	103,115	0.0%
Debt securities	37,303	27,764	34.4%
Equity investments and shares	29,663	30,346	-2.2%
Assets held for trading and hedging derivatives	1,016	982	3.4%
Property, plant and equipment and intangible assets	243	237	2.4%
Accrued income, prepaid expenses and other non-interest-bearing assets	5,108	5,564	-8.2%
Other assets	1,061	1,306	-18.8%
Total assets	**371,888**	**350,205**	**6.2%**

At the end of the period, total assets came to about €372 billion, an increase of over 6% from the end of the previous year, when the total was about €350 billion. This trend is mainly the result of increased OPTES operations, of which the balance at 30 June 2015 was particularly high, totalling €54 billion (versus €38 billion in 2014; for more information see the sections “Investment of financial resources” and “Funding” of the parent company).

The stock of cash and cash equivalents (with the available balance on the treasury account equal to about €153 billion) amounted to €194 billion, an increase of over 7% over the end of 2014. Net of OPTES operations invested in cash and cash equivalents (totalling approximately €39 billion), the balance is equivalent to approximately €156 billion, up by over 4% compared to 2014. The rise was driven primarily by (i) the greater proportion of cheaper, short-term funding, especially repurchase agreements, in the funding mix, compared to the past; (ii) the repayment of SACE share capital; (iii) the collection in 2015 of interest income accruing in the second half of 2014 on the treasury account.

The stock of loans to customers and banks, totalling €103 billion, showed no change compared to the end of 2014 (whereas bank lending to general government and enterprises declined).

Debt securities totalled over €37 billion, a substantial increase compared with the end of 2014 (+34%; €28 billion) due to new purchases mainly with a long-term maturity. Net of OPTES operations (totalling over €15 billion), the balance amounts to approximately €22 billion, up by 8% mainly as a result of short-term securities purchased through the Government Securities Amortisation Fund.

At 30 June 2015, the carrying amount of equity investments and shares was equal to about €29.7 billion, down over 2% compared with the end of 2014. The decrease was driven primarily by the repayment of SACE share capital, for a total of around €800 million.

Assets held for trading and hedging derivatives were substantially in line with the year-end 2014 figure (+3%). This aggregate reports the fair value (if positive) of derivative instruments used for hedging, which includes operational hedge positions that are not recognised as hedging derivatives for accounting purposes.

The total balance of property, plant and equipment and intangible assets came to €243 million, of which €238 million referred to property, plant and equipment and the remainder to intangible assets. The increase was attributable to a larger volume of investments made during in 2014 compared with the depreciation and amortisation charge recognised during the period on existing assets. In this regard, there was a sharp increase in capital expenditure during the year, mainly as a result of an increase in expenditure for renovations of owned buildings.

Accrued income, prepaid expenses and other non-interest-bearing assets dropped compared with 2014 to €5.1 (-8%). This performance was mainly attributable to: (i) lower interest income accrued in the first half of 2015 on cash and cash equivalents yet to be collected; (ii) the decrease in loan receivables past due.

Finally, other assets, which include current and deferred tax assets, withholding tax on interest paid on postal passbooks and other sundry assets, dropped to €1,061 million, from €1,306 million in 2014; the decrease was due to lower payments on account for withholding tax on interest due on linked postal passbooks.

4.1.2.2. Liabilities and equity

The reclassified liabilities and equity of CDP at 30 June 2015 can be grouped into the following aggregates:

Reclassified balance sheet

(millions of euros)

	30/06/2015	31/12/2014	% change
LIABILITIES AND EQUITY			
Funding	349,893	325,286	7.6%
- of which: postal funding	*253,514*	*252,038*	*0.6%*
- of which: funding from banks	*15,607*	*12,080*	*29.2%*
- of which: funding from customers	*69,861*	*51,757*	*35.0%*
- of which: funding from bonds	*10,910*	*9,411*	*15.9%*
Liabilities held for trading and hedging derivatives	1,035	2,644	-60.8%
Accrued expenses, deferred income and other non-interest-bearing liabilities	493	760	-35.1%
Other liabilities	700	1,548	-54.8%
Provisions for contingencies, taxes and staff severance pay	352	413	-15.0%
Equity	19,415	19,553	-0.7%
Total liabilities and equity	**371,888**	**350,205**	**6.2%**

Total funding at 30 June 2015 came to about €350 billion (+8% from the end of 2014). The breakdown of the aggregate shows postal funding was substantially stable (+0.6% compared to the end of 2014) thanks to interest accrued, which more than offset the negative net funding figure of approximately €1 billion; the associated stock, which comprises passbook savings accounts and postal savings bonds, amounted to about €253.5 billion.

Also contributing to the balance of funding, albeit to a lesser extent, were the following components:

- Funding from banks rose from approximately €12 billion in 2014 to approximately €16 billion at June 2015, driven primarily by (i) higher trading in reverse repurchase agreements (stock totalling €5.6 billion) compared to 31 December 2014, to take advantage of the low cost of funding connected with market interest rate trends; (ii) the new loan funds package negotiated with KFW for a total of €0.3 billion. Additionally, the three-year ECB funding of €4.8 billion, provided under long-term refinancing operations (LTRO), expired in the first half of 2015, but was almost entirely refinanced with €4 billion raised through the ECB's short-term (MRO) funding auctions;

- Funding from customers amounted to approximately €70 billion, an increase of 35% on the figure at the end of 2014; this performance was mainly attributable to (i) stock generated by OPTES operations totalling €54 billion (the balance was equivalent to €38 billion at the end of 2014); (ii) the start of management operations of the Government Securities Amortisation Fund, formerly held at the Bank of Italy, with a stock of approximately €2.6 billion (the amount is entirely earmarked for repo trading and the purchase of short-term government securities);
- Bond funding grew by about 16% compared with the figure at the end of 2014, reaching approximately €11 billion, mainly due to the first retail bond issue for a total of €1.5 billion.

Liabilities held for trading and hedging derivatives posted a sharp decrease compared with the end of 2014 (-61%) to stand at €1,035 million. The aggregate includes the fair value (if negative) of hedging derivatives, including operational hedges that are not recognised as hedge positions for accounting purposes. The negative trend was driven primarily by the restructuring of a part of the derivatives designated as hedges on a series of loans under renegotiation over the course of 2015.

Accrued expenses, deferred income and other non-interest-bearing liabilities, amounting to €493 million, decreased by 35% compared with the figure at the end of 2014 due to the combined effect of the change in fair value of hedged bond funding and lower accrued expenses.

Developments in the other aggregates can be summarised as follows: (i) other liabilities (amounting to €700 million) fell by 55%, mainly due to lower amounts payable to Poste Italiane for remuneration on funding raised through postal savings, connected with the introduction of quarterly payments of payables due; (ii) provisions for contingencies, taxes and staff severance pay fell by 15%, due to lower tax liabilities.

Finally, equity at 30 June 2015 amounted to approximately €19.4 billion, showing substantially no change on the year-end 2014 figure.

4.1.3. INDICATORS

4.1.3.1. *Balance sheet ratios*

Main indicators (reclassified data)

	2015	2014
Loans to customers and banks/Total assets	27.7%	29.4%
Loans to customers and banks/Postal funding	40.7%	40.9%
Equity investments and shares/Equity	1.53x	1.55x
Gross bad debts and unlikely to pay/Gross loans to customers and banks	0.317%	0.305%
Net bad debts and unlikely to pay/Net loans to customers and banks	0.178%	0.163%
Net writedowns/Net loans to customers and banks	-0.005%	0.110%

There was a slight decrease in the proportion of loans to total assets, mainly as a result of growth in total assets connected with the investment of funds raised through the OPTES channel (€54 billion at June 2015 compared to €38 billion in 2014).

Funding from postal savings grew in the first half of 2015, in contrast to the trend registered in the stock of loans to customers and banks, although the ratio of the stock of postal savings funding to total loans to customers and banks remained essentially unchanged.
As concerns the ratio of equity investments and shares to company equity, a drop was recorded in the figure mainly due to the repayment of SACE share capital for a total of €800 million.

The credit quality of CDP's loan portfolio remains very high and its risk profile moderate, as shown by the very low cost of credit. Net write-backs of loans primarily reflect write-backs recognised due to the adjustment in the collective value of loans granted through the Abruzzo Reconstruction Fund, as a result of the extension of the state guarantee provided by Italian Decree Law 39/2009 to financing granted through the fund, by decree of the Minister for the Economy and Finance of 28 January 2015.

4.1.3.2. *Performance indicators*

Analysing the indicators, there was a reduction in the spread between lending and funding rates, which went from about 60 basis points in the first half of 2014 to about 30 basis points in the same period of 2015.

Despite the decline in financial income and the increase in overheads due to the planned expansion of the workforce and the IT infrastructure, the cost/income ratio remained very low (6.2%) and well within the targets set.

Finally, even though return on equity (ROE) was slightly down on the figure recorded at June 2014, it was still high at 9.4%.

Main indicators (reclassified data)

	2015*	2014*
Net interest income/Gross income	38.0%	52.4%
Net commissions/Gross income	-84.6%	-61.3%
Commission expense/Postal funding	0.7%	0.7%
Spread on interest-bearing assets and liabilities	0.3%	0.6%
Cost/income ratio	6.2%	4.1%
Cost/income ratio (including commission expense on postal funding)	49.7%	41.5%
Net income/Opening equity (ROE)	9.4%	13.3%
Net income/Average equity (ROAE)	9.4%	13.1%

*** Figures annualised where material**

4.2. CDP Group

The financial position and performance of the CDP Group at 30 June 2015, from an operational perspective, is presented below. For more detailed information on financial position and performance, please see the separate reports and financial statements of the other CDP Group companies, which contain all the relevant accounting information and an analysis of the performance of these companies.
In the interests of full disclosure, a schedule reconciling management accounts with the accounting statements is also provided.

4.2.1. RECLASSIFIED CONSOLIDATED INCOME STATEMENT

The following table represents the CDP Group, with specific reporting of the contributions from the spheres of operations "Business and Finance Areas of the parent company" and "Group Companies, other equity investments and other". The first sphere includes the following Areas: Public Entities, Finance, Financing, Public Interest Lending and Economic Support of the parent company; the second sphere includes, in addition to the Equity Investments area of the parent company, the remaining Areas of the parent company (which perform activities of governance, policy, control and support) and all the other Group companies. For greater clarity, consolidation eliminations and adjustments have been allocated to the respective spheres of reference.

Reclassified income statement

(millions of euros)

	1st Half 2015			1st Half 2014	% change
	CDP Group	Parent Company Business and Finance Areas	Group entities, other equity investments and other	CDP Group	
Net interest income	**208**	**679**	**(470)**	**621**	**-66.4%**
Dividends and gains (losses) on equity investments	115	0	115	573	-80.0%
Net commission income	(853)	(752)	(101)	(850)	0.3%
Other net revenues	698	312	386	38	n/s
Gross income	**168**	**239**	**(71)**	**381**	**-56.0%**
Profit (loss) on insurance operations	184	-	184	422	-56.5%
Profit (loss) on banking and insurance operations	**351**	**239**	**112**	**803**	**-56.3%**
Net writedowns	9	6	3	(27)	n/s
Overheads	(3,830)	(10)	(3,820)	(3,483)	9.9%
of which: administrative expenses	*(2,975)*	(10)	*(2,965)*	*(2,660)*	*11.8%*
Other operating income (costs)	5,157	0.2	5,157	4,841	6.5%
Operating income	**2,542**	**235**	**2,306**	**2,957**	**-14.0%**
Net income	**1,128**			**1,531**	**-26.3%**
Net income (loss) for the year pertaining to non-controlling interests	694			569	22.1%
Net income (loss) for the year pertaining to shareholders of the parent company	**434**			**962**	**-54.9%**

Group net income at 30 June 2015 amounted to €1,128 million (€434 million of which pertaining to the shareholders of the parent company), a decrease of 26% over the same period of 2014. The change in the balance was primarily driven by the drop in gross income of the parent company and net profit from insurance operations, which was only partially offset by growth in other net revenues of other Group companies.

More specifically, net interest income came to €208 million, down 66% (-€412 billion) compared to the first half of 2014. The downward trend was due to the lower interest rate earned on the treasury account held by the parent company, to which reference is made for more details. The amount relating to the cost of the parent company's funding has been notionally allocated to the sphere of operations “Group Companies, other equity investments and other”, on the basis of the average stock of loans held during the financial year.

Dividends and gains (losses) on equity investments amounted to €115 million, a decrease of 80% compared to the first half of 2014. The figure mainly includes: (i) as concerns the parent company, the effects on profit and loss of the valuation of ENI at equity (€54 million); (ii) with regard to SNAM, gains from the valuation of the equity investment portfolio (€69 million).

Net commission income, amounting to -€853 million, remained substantially stable compared to the first half of 2014 and related to the Business and Finance Areas of the parent company. As already reported above with regard to net interest income, the amount relating to commission income on the parent company's funding has been notionally allocated to the sphere “Group Companies, other equity investments and other”, on the basis of the average stock of loans held during the financial year.

Added to this is the contribution of other net revenues, amounting to €698 million, a significant increase of +€660 million compared to 2014. The balance includes, in addition to the contribution of the Business and Finance Areas of the parent company (amounting to € 312 million): (i) for FSI, €136 million in dividends and capital gains, primarily connected with the sale of a 2.57% interest in Generali; (ii) for SACE, €263 million in net gains from trading and hedging activities, primarily connected with foreign exchange gains and gains realised on repurchase agreements and options.

Net profit from insurance operations, totalling €184 million, includes net premiums and other income and charges from insurance operations; the figure is half that recorded for the same period of 2014 primarily due to the absence of significant adjustments to sovereign loans recognised in the first half of the previous financial year.

Net writedowns totalled €9 million and related primarily Business and Finance Areas of the parent company, to which reference is made for more details.

Overheads comprise staff costs and other administrative expenses, as well as writedowns of property, plant and equipment and intangible assets. The aggregate is up 10% compared to the same period of 2014, reaching €3.8 billion, and essentially concerns the segment Group companies, other equity investments and other. The change compared to 2014 (+€346 million) was essentially driven by the Fincantieri Group, due to higher costs for the purchase of raw materials and services and higher staff costs.

Other operating income (costs) amounted to approx. €5.2 billion, an increase of 7% compared to 2014. This balance mainly includes revenues related to the core businesses of the SNAM, Terna and Fincantieri Groups. The change over the reporting period was essentially driven by the Fincantieri Group (+€236 million), due to high business volumes in the cruise ship segment.

Taking into account the other residual items, mainly attributable to allocations to provisions for risks and charges, to disposals in progress and taxes, net income amounted to €1,128 million, down on the €1,531 million recorded in the same period of 2014 (-26%).

4.2.2. RECLASSIFIED CONSOLIDATED BALANCE SHEET

The following table provides the situation of the CDP Group, with specific reporting of the contributions from the spheres of operations "Business and Finance Areas of the parent company" and "Group Companies, other equity investments and other". The difference between the consolidated balances and those relating to the two spheres of operations reflects intercompany eliminations and consolidation adjustments.

Reclassified consolidated balance sheet

(millions of euros)

	30-06-15				31-12-14	% change
ASSETS	**CDP Group**	**Parent Company Business and Finance Areas**	**Group entities, other equity investments and other**	**Elimination/ adjustment**	**CDP Group**	
Cash and cash equivalents and other treasury investments	197,616	194,401	10,459	(7,244)	183,749	7.5%
Loans to customers and banks	105,916	102,755	4,195	(1,034)	105,828	0.1%
Debt securities	39,640	37,303	2,803	(466)	30,374	30.5%
Equity investments and shares	20,521	-	39,592	(19,071)	20,821	-1.4%
Reinsurers' share of technical provisions	316	-	316	-	85	272.9%
Assets held for trading and hedging derivatives	1,848	1,016	837	(5)	1,818	1.6%
Property, plant and equipment and intangible assets	41,516	-	33,903	7,614	41,330	0.4%
Accrued income, prepaid expenses and other non-interest-bearing assets	5,405	5,108	311	(13)	5,889	-8.2%
Other assets	11,332	-	11,311	21	11,786	-3.9%
Total assets	**424,110**	**340,583**	**103,726**	**(20,199)**	**401,680**	**5.6%**

At 30 June 2015, the total assets of the CDP Group came to about €424 billion, up 6% compared with 31 December 2014.

The stock of cash and cash equivalents reached €198 billion. These include about €194 billion relating to the Business and Finance Areas of the parent company, which have been analysed above. In addition, the balance of the Group includes deposits and other highly liquid investments related to FSI, FSI Investimenti CDP GAS, CDP RETI and the Fincantieri, Fintecna, SACE and Terna Groups, amounting to approx. €10 billion (€7.2 billion of which was subject to elimination). The change in the balance of the period, amounting to +€14 billion, is largely attributable to the parent company.

The stock of loans to customers and banks is stable compared to 2014, amounting to €106 billion. The balance is chiefly attributable to the Business and Finance Areas of the parent company, while the remaining amount (€4.2 billion) chiefly refers to the contributions of the SACE Group (€2.4 billion), Fintecna Group (€479 million), SNAM Group (€221 million), Fincantieri Group (€195 million) and SIMEST (€468 million)[30].

Debt securities amounted to about €40 billion, up 31% compared with the end of 2014. These include €37 billion relating to the Business and Finance Areas of the parent company. The residual balance of €2.8 billion is attributable to the SACE Group (approx. €2.6 billion) and the remainder to FSI Investimenti. The change in the aggregate is attributable to the Business and Finance Areas of the parent company, and excludes the portion of bonds issued by CDP RETI and subscribed by the parent company, which was eliminated at the consolidated level.

Equity investments and shares decreased by 1% compared with 2014, reaching €21 billion. The change in this aggregate, equivalent to -€300 million, is attributable to: (i) FSI, for a total of -€654 million, in relation to the disposal of Generali; (ii) SNAM, for a total of -€132 million, primarily in relation to the change in the scope of consolidation following the acquisition of control over ACAM GAS S.p.A.; (iii) the valuation of ENI at equity, due to the favourable change in the EUR/USD exchange rate (+€456 million).

Reinsurers' share of technical provisions totalled €316 million, showing an increase of €231 million on 31 December 2014; the item includes provisions allocated to the premium reserve and recognised following the outward reinsurance agreement made between SACE and the Ministry for Economy and Finance in 2014.

Assets held for trading and hedging derivatives amounted to €1.8 billion, up 2% over the figure at the end of 2014. The aggregate reports the fair value (if positive) of derivatives used for hedging, which includes operational hedges that are not recognised as such for accounting purposes. The balance is essentially attributable to the Business and Finance Areas of the parent company, to which reference is made, amounting to approx. €1 billion. The residual amount refers

[30] The allocation of these equity investments under loans to customers and banks takes account of the characteristics of the SIMEST transactions, which include the obligation of the partner to repurchase the stake upon expiration of the agreements.

primarily to the Terna Group (€682 million), in relation to the hedging of the interest rate risk on its fixed-rate bond issues.

Property, plant and equipment and intangible assets totalled approximately €42 billion, showing a slight increase compared to the end of 2014. The items consist of assets consolidated from the SNAM, Terna and Fincantieri Groups. In particular: (i) in relation to the SNAM Group, the figure includes the impact of the inclusion of ACAM GAS S.p.A. in the scope of consolidation (+€99 million) and the net balance of investments (+€464 million) and depreciation and amortisation (-€422 million) for the period; (ii) in relation to the Terna Group, the figure includes the net balance of investments (+€438 million) and depreciation and amortisation (-€243 million) for the period.

Accrued income, prepaid expenses and other non-interest-bearing assets fell by 8% compared with the year-end 2014 figure, to about €5.4 billion. Readers are invited to consult the discussion of the Business and Finance Areas of the parent company for more information.

Finally, other assets amounted to about €11 billion, down 4% from the end of 2014. In addition to items already described for the parent company, the change in the balance includes: (i) for the SNAM Group (-€273 million), lower trade receivables in the natural gas transportation sector, due to the balancing service and the distribution segment, affected by the seasonal trend in volumes distributed; (ii) for the Fincantieri Group (+€117 million), changes in construction contracts and warehouse inventories; (iii) for the SACE Group (-€121 million), changes in tax assets, due, in particular, to drawdowns of advance payments of IRES and IRAP made in 2014 and movements in deferred tax assets.

Reclassified consolidated balance sheet

(millions of euros)

LIABILITIES AND EQUITY	30/06/2015 CDP Group	30/06/2015 Parent Company Business and Finance Areas	30/06/2015 Group entities, other equity investments and other	30/06/2015 Elimination/adjustment	31/12/2014 CDP Group	% change
Funding	369,501	321,170	57,015	(8,683)	344,046	7.4%
- of which: postal funding	*253,512*	*225,418*	*28,097*	*(2)*	*252,036*	*0.6%*
- of which: funding from banks	*23,279*	*15,607*	*7,672*	*-*	*20,592*	*13.0%*
- of which: funding from customers	*63,014*	*69,861*	*1,383*	*(8,230)*	*45,211*	*39.4%*
- of which: funding from bonds	*29,696*	*10,284*	*19,864*	*(451)*	*26,206*	*13.3%*
Liabilities held for trading and hedging derivatives	1,614	1,035	583	(5)	3,094	-47.8%
Accrued expenses, deferred income and other non-interest-bearing liabilities	983	493	502	(13)	1,283	-23.4%
Other liabilities	6,554	-	6,536	19	7,940	-17.4%
Insurance provisions	2,276	-	2,345	(69)	2,294	-0.8%
Provisions for contingencies, taxes and staff severance pay	7,731	-	4,824	2,908	7,865	-1.7%
Equity	35,451	-	49,805	(14,355)	35,157	0.8%
- of which pertaining to the shareholders of the parent company	*21,639*				*21,371*	*1.3%*
Total liabilities and equity	**424,110**	**322,698**	**121,610**	**(20,199)**	**401,680**	**5.6%**

Total funding at 30 June 2015 came to more than €369 billion, up 7% over the end of 2014.

Within this aggregate, postal funding – attributable to the parent company – was essentially unchanged. For a more complete analysis, please see the earlier discussion. The amount relating to this form of funding is notionally allocated to the sphere of operations “Group Companies, other equity investments and other”, on the basis of the average stock of loans held during the financial year. The purpose of this is to properly show both the funding and lending relating to the equity investment portfolio.

The figure includes the following components:

- Funding from banks, which rose from €21 billion in 2014 to €23 billion at 30 June 2015. The increase is mainly attributable to the Business and Finance Areas of the parent company, to which reference is made for more details. Group Companies, other equity investments and other also contributes to the change in the balance for -€840 million. In particular: (i) the Terna Group contributed -€707 million, due to the repayment of a floating-rate loan (-€650 million) and the repayment of instalments due on a loan with the European Investment Bank (-€57 million); (ii) CDP RETI contributed -€413 million, attributable to the partial repayment of loans due to banks through a bond issue; (iii) the SACE Group contributed +€176 million, attributable to higher loans to due from the subsidiary SACE Fct; (iv) the Fincantieri Group contributed +€91 million, primarily in relation to the current portion of bank loans;

- Funding from customers amounted to €63 billion, an increase of 39% on the level at the end of 2014. This balance is attributable to the parent company's Business and Finance Areas for €70 billion, including the centralised deposits of FSI and FSI Investimenti, of the SACE Group, of the Fintecna Group, of CDP GAS and of CDP Reti (for a total of €7.2 billion) subject to elimination at the consolidated level. Besides the parent company, the change in the aggregate was mainly driven by: (i) FSI for -€680 million, in relation to the repayment of the cash received as collateral for the hedging transaction on Generali; (ii) the SACE Group, for -€82 million, in relation to SACE Fct;
- Funding from bonds showed an increase over the end of 2014 of more than €3 billion (+13%). Besides the Business and Finance Areas of the parent company, the change was mainly driven by: (i) the Terna Group (+€881 million), chiefly in relation to bonds issued in the first quarter of 2015; (ii) the SACE Group (+€500 million), following the placement of a subordinated bond issue with institutional investors; (iii) CDP RETI (+€413 million), in relation to the aforementioned bond issue; (iv) the SNAM Group (+€196 million), in relation to new bond issues.

Liabilities held for trading and hedging derivatives, amounting to €1.6 billion in June 2015, includes the fair value (if negative) of derivatives used for hedging, including operational hedges that are not recognised as such for accounting purposes. Compared with 2014, the change in the stock at consolidated level is mainly attributable to the Business and Finance Areas of the parent company, to which the reader is referred.

Accrued expenses, deferred income and other non-interest-bearing liabilities, amounting to about €1.0 billion, were down 23% compared with the figure at the end of 2014 (-€301 million). The change is attributable to the parent company's Business and Finance Areas.

Other liabilities decreased by 17% compared with the end of 2014 to about €6.6 billion, mainly relating to Group Companies, other equity investments and other. The change in the balance (-€1.4 billion) was driven by the parent company, as reported, and by the SNAM and Fincantieri groups, in relation to trends in their trade payables and construction contracts.

The balance of about €2.3 billion for insurance provisions includes the provisions set aside, on the basis of reasonable forecasts, against the commitments undertaken as part of the Group's insurance business. At 30 June 2015, the balance was entirely attributable to the SACE Group.

Provisions for contingencies, taxes and staff severance pay amounted to €7.7 billion, decreasing by €134 million over 2014. The figure includes the payment of €156 million by Fintecna to ILVA to settle litigation between the two.

Equity at 30 June 2015 amounted to about €35.5 billion, up on the €35.2 billion posted at the end of 2014. This was attributable to the net income generated by the various Group companies, offset by dividends paid to third-party shareholders out of income for 2014. Of total equity, €21.6 billion is attributable to the parent company (+1% compared to 2014) and €13.8 billion to non-controlling interests.

Equity

(millions of euros)

	30-06-15	**31-12-14**
Equity attributable to the shareholders of the parent company	21,639	21,371
Non-controlling interests	13,812	13,786
Total Equity	**35,451**	**35,157**

4.2.3. RECONCILIATIONS WITH CONSOLIDATED EQUITY AND NET INCOME

Lastly, the following table reconciles the equity and net income of the parent company with the corresponding consolidated figures, expressed in both detailed form and aggregate form for major companies.

RECONCILIATION OF EQUITY AND NET INCOME OF THE PARENT COMPANY AND CONSOLIDATED EQUITY AND NET INCOME

(thousands of euros)

2015 FINANCIAL YEAR	Net income	Capital and reserves	Total
PARENT COMPANY FINANCIAL STATEMENTS	**916,234**	**18,498,860**	**19,415,094**
Balance from financial statements of fully consolidated companies	1,770,536	28,619,716	30,390,252
Consolidation adjustments:			
- carrying amount of fully consolidated equity investments		(20,851,463)	(20,851,463)
- goodwill		414,563	414,563
- reclassifications	5,418	(5,418)	
- differences with purchase price allocation	(102,408)	7,152,706	7,050,297
- dividends from fully consolidated companies	(989,227)	989,227	
- transfer adjustments of separate financial statements	(29,184)	27,014	(2,170)
- writedowns		(66,270)	(66,270)
- valuation of equity investments accounted for with equity method	(488,535)	2,173,493	1,684,959
- elimination of intercompany transactions		14,851	14,851
- deferred tax assets and liabilities	45,108	(2,482,750)	(2,437,642)
- other adjustments		(161,940)	(161,940)
- non-controlling interests	(694,117)	(13,117,408)	(13,811,525)
CONSOLIDATED FINANCIAL STATEMENTS	**433,825**	**21,205,181**	**21,639,006**

(thousands of euros)

PARENT COMPANY FINANCIAL STATEMENTS	Net income	Capital and reserves	Total
Parent company	916,234	18,498,860	19,415,094
ENI consolidation	(470,447)	2,055,808	1,585,361
CDP RETI consolidation	17,031	278,443	295,474
FSI consolidation	10,971	148,315	159,287
SACE consolidation	27,998	223,299	251,298
FINTECNA consolidation	(47,852)	(196,523)	(244,375)
Other	(20,111)	196,979	176,868
CONSOLIDATED FINANCIAL STATEMENTS	**433,825**	**21,205,181**	**21,639,006**

5. Operating performance

5.1. Summary of the CDP Group

The CDP Group works to support Italy's growth and employs its resources, mainly funded through Postal Savings, for the development of the country, of strategic infrastructure and to support domestic firms to foster their growth and international expansion.

Over the last decade, CDP has taken on a central role in supporting the country's industrial policies, also thanks to the adoption of new operating procedures; in particular, in addition to traditional debt instruments such as special-purpose loans, corporate finance, project finance and guarantees, CDP has also adopted equity instruments with which it has made both direct and indirect investments (through investment funds and investment vehicles) mainly in energy, transport networks and real estate, as well as to support the dimensional growth and international development of SMEs and of companies of strategic importance. These instruments are in addition to third-party fund management and subsidised instruments to promote the research and international expansion of companies.

The table below shows an overview of the main instruments per line of business:

	Loans/Guarantees	Equity	Other (third-party accounts, subsidies)
Public entities and territory	• Special-purpose loans • SACE (factoring)	• CDP Immobiliare • FIA – Fondo Investimenti per l'Abitare • FIV – Fondo Investimenti per la Valorizzazione • Fondo Immobiliare di Lombardia • EEEF – European Energy Efficiency Fund	• Advances on general government payables
Infrastructure	• Corporate and project finance • Guarantees • SACE (financial guarantees)	• F2i – Fondo italiano per le infrastrutture • Marguerite Fund • Inframed Fund • PPP Fund	-
Enterprises	• Enterprises Fund (SMEs, MIDs, SME network, Capital Goods) • Residential sector fund • Funds for areas affected by natural disasters • Export Bank and Export Fund • SACE (export guarantees, investment policies, strategic transactions) • SACE (factoring) • Corporate finance *(RDI)*	• FSI – Fondo Strategico Italiano • FII – Fondo Italiano d'Investimento • EIF – European Investment Fund • SIMEST (direct investments and venture capital fund)	• FRI - Revolving fund for support to enterprises and investment in research • Kyoto Fund • Intermodal Systems Fund • Low environmental impact vehicles fund • Territorial Agreements and Area Contracts • SIMEST (295 and 394 funds)

Note: if a specific CDP Group company is not indicated the operations relate to the Parent Company

In the first half of 2015, new lending, investment and managed resources by the Group totalled approx. €12 billion, an increase of 34% compared to the same period of 2014. Growth in the first half of 2015 was mainly driven by the "Enterprises" segment (73% of the total) while the "Public Entities and Local Bodies" segments accounted respectively for 18% and 9% of the total.

New lending, investment and managed resources - CDP Group

(millions of euros)

Business lines	1st Half 2015	1st Half 2014	% change
Public Entities and Territory	**2,075**	**1,806**	**15%**
of which CDP SPA	1,342	880	53%
of which SACE Group	738	917	-20%
of which CDPI SGR	32	23	39%
of which intercompany transactions	(37)	(13)	177%
Infrastructure	**1,034**	**567**	**82%**
of which CDP SPA	1,034	554	87%
of which SACE Group	-	13	n/s
Enterprises	**8,422**	**6,257**	**35%**
of which CDP SPA	2,983	3,059	-3%
of which SACE Group	4,973	2,131	133%
of which SIMEST	1,139	1,547	-26%
of which FSI	85	360	-76%
of which intercompany transactions	(756)	(840)	-10%
Total new lending, investment and managed resources	**11,531**	**8,631**	**34%**

Note: does not include the new lending and investment by SACE BT, which uses short-term instruments that are not directly comparable to the rest of the Group

5.1.1. PARENT COMPANY

5.1.1.1. Lending

In the first half of 2015, new lending, investment and managed resources by CDP totalled over €5 billion, an increase of 19% compared to the same period of the previous year. Growth was driven primarily by lending to enterprises, the launch of a Research, Development and Innovation fund and major loans to regions.

New lending, investment and managed resources - CDP

(millions of euros)

Business lines	1st Half 2015	1st Half 2014	% change
Public Entities and Territory	**1,342**	**880**	**53%**
of which Public Entities	1,230	799	54%
of which Equity investments and funds	112	81	39%
Infrastructure	**1,034**	**554**	**87%**
of which Public Interest Lending	212	375	-43%
of which Loans	832	173	380%
of which Equity investments and funds	(11)	6	n/s
Enterprises	**2,983**	**3,059**	**-3%**
of which Economic Support	2,345	3,058	-23%
of which Loans	630	-	n/s
of which Equity investments and funds	8	2	339%
Total new lending, investment and managed resources	**5,359**	**4,493**	**19%**

More specifically, new lending, investment and managed resources in the first half of 2015 were mainly in the form of (i) direct lending to public entities (totalling €1.2 billion, or 23% of the total); (ii) financing of infrastructure development (€1 billion, or 19% of the total; and (iii) lending to enterprises to support the economy and research, development and innovation (€3 billion, or 56% of the total); in addition to equity investments and funds totalling €0.1 billion (2% of the total).

PUBLIC ENTITIES AND TERRITORY

The parent company's support for public entities and public-law bodies is primarily channelled through the Public Entities area, which is responsible for lending to such entities using products offered in compliance with the principles of accessibility, uniformity in treatment, pre-specification of terms and non-discrimination.

The main aggregates of the balance sheet and income statement reclassified on an operational basis are summarised in the following table, together with a number of key indicators.

Public Entities - Highlights

(millions of euros; %)

	2015	2014
BALANCE SHEET (figures at 30 June 2015 and 31 December 2014)		
Loans to customers and banks	80,853	81,945
Amounts to disburse on loans in repayment	5,893	5,952
Commitments to disburse funds	9,268	9,123
RECLASSIFIED INCOME STATEMENT (accruing in 1st half of 2015 and 2014)		
Net interest income	152	162
Gross income	153	163
Operating income	150	160
INDICATORS		
Credit risk ratios (figures at 30 June 2015 and 31 December 2014)		
Gross bad debts and unlikely to pay/Gross loans to customers and banks	0.1%	0.1%
Net writedowns/Net loans to customers and banks	0.001%	0.001%
Performance ratios (annualised, where material, on the basis of accruals for 1st half)		
Spread on interest-bearing assets and liabilities	0.4%	0.4%
Cost/income ratio	1.6%	1.6%
MARKET SHARE (31 March 2015 and 31 December 2014)	**47.2%**	**48.1%**

Initiatives promoted over the first half of 2015 included:

- Deferred payment of some loan instalments for local authorities in the regions of Emilia-Romagna, Lombardy and Veneto affected by the May 2012 earthquake, with the deadline for payment extended by two years from the original date as per the loan amortisation schedule, without the application of additional interest charges;
- Loan renegotiation programmes targeted at regions, provinces and metropolitan areas and municipalities, with the offer taken up by 4 regions and around 670 local authorities for a total of approx. €15.9 billion in loans renegotiated, of which €0.2 billion was part of the MEF portfolio (representing 55% of all loans potentially qualifying for the renegotiation programmes).

In addition, as part of its activities to promote infrastructure investment by government bodies, CDP was involved in the drafting of legislative proposals to promote public-private partnerships and improve the quality of infrastructure planning, also through the overhaul of the Projects Revolving Fund, an internal fund reserved for public works projects.

At 30 June 2015, the stock of loans to customers and banks totalled €80,853 million, including adjustments for IAS/IFRS purposes, down compared with the end of 2014 (€81,945 million). Over the year, the amount of repayments and early terminations exceeded the amount of disbursements of loans granted without a pre-repayment grace period and of loans granted that began their repayment plans.

Including commitments to disburse funds, and excluding IAS/IFRS adjustments, the total stock came to €88,833 million, a 1% decrease from 2014 (€89,745 million). The change was driven by lower volumes of new lending compared to the principal repayments due in the first half of 2015.

Public Entities - Stock of loans to customers and banks by beneficiary entity

(millions of euros)

Entities	30-06-15	31-12-14	% change
Local authorities	41,062	41,646	-1.4%
Regions and autonomous provinces	26,423	26,587	-0.6%
Other public entities and public law bodies	12,079	12,390	-2.5%
Total amounts disbursed or in repayment	**79,565**	**80,623**	**-1.3%**
IAS/IFRS adjustments	1,288	1,322	-2.6%
Total loans to customers and banks	**80,853**	**81,945**	**-1.3%**
Total amounts disbursed or in repayment	**79,565**	**80,623**	**-1.3%**
Commitments to disburse funds	9,268	9,123	1.6%
Total loans (including commitments)	**88,833**	**89,745**	**-1.0%**

CDP's market share came to 47.2% in 2015, compared with 48.1% at the end of 2014. The core segment remains the overall stock of debt of local and regional governments and loans with repayment charged to central government.[31] Market share is measured based on actual amounts disbursed, which, for CDP, is equal to the difference between loans to customers and banks and amounts to disburse on loans in repayment.

As concerns amounts to disburse on loans and loan commitments, stocks remained substantially stable, rising only slightly from €15,074 million at 31 December 2014 to €15,161 million at 30 June 2015, as a result of the alignment between volumes of new loan grants and disbursements recorded over the half year and due to adjustments to loans.

31 Bank of Italy, Supplement to the Statistical Bulletin (Monetary and Financial Indicators): the public finances, borrowing requirement and debt, Tables TCCE0225 and TCCE0250.

Public Entities - Stock of amounts to disburse

(millions of euros)

	30-06-15	31-12-14	% change
Amounts to disburse on loans in repayment	5,893	5,952	-1.0%
Commitments to disburse funds	9,268	9,123	1.6%
Total amounts to disburse (including commitments)	**15,161**	**15,074**	**0.6%**

During the first half of 2015, a total of €1,230 million in new loans was granted. The sharp growth in new loans compared to the corresponding period of 2014, when a significant proportion of the loans consisted of cash advances on general government trade payables, which instead did not figure in 2015, was primarily due to a number of major loans to regions.

Public Entities - Flow of new loans by type of beneficiary

(millions of euros)

Type of Entity	1st Half 2015	1st Half 2014	% change
Major local entities	3	10	-70.7%
Other local entities	13	8	64.5%
Total local entities	**16**	**18**	**-12.3%**
Regions	1,152	-	n/s
Non-territorial public entities	52	0.4	n/s
Total	**1,219**	**18**	**n/s**
Loans with repayment charged to state	11	33	-67.3%
Advances on general government payables	-	747	n/s
Total Public Entities	**1,230**	**799**	**54.0%**

Disbursements totalled €1,010 million, showing a sharp drop (-42%) on the first-half figure for 2014 (€1,734 million). If disbursements to the City of Rome Special Commissioner in 2014 are excluded (€500 million), the decline proved to be sharpest in loans with costs borne by central government (-60%) and by local authorities (-8%), due to the drop in new loan agreements in recent years, which has only partially been offset by growing disbursements to the regions, a trend which has continued into 2015.

Public Entities - Flow of disbursements by type of beneficiary

(millions of euros)

Type of Entity	1st Half 2015	1st Half 2014	% change
Major local entities	232	231	0.4%
Other local entities	236	276	-14.3%
Total local entities	**469**	**507**	**-7.6%**
Regions	280	5	n/s
Non-territorial public entities	58	15	301.0%
Total	**807**	**526**	**53.2%**
Loans with repayment charged to state	203	1,007 *	-79.8%
Advances on general government payables	-	201	n/s
Total Public Entities	**1,010**	**1,734**	**-41.8%**

* includes €500 million disbursed to the City of Rome special commissioner

Compared with the previous year, the contribution of the Public Entities area to CDP's performance in the first half of 2015 saw net interest income slightly down, going from €162 million in the first half of 2014 to €152 million, mainly due to the decline in the stock of loans. This performance is also seen in gross income (€153 million, down 6% from the first half of 2014) as commissions accrued in the two periods were comparable. Taking overheads into account, operating income for the area came to €150 million, contributing approx. 16% to CDP's overall operating income.

The spread between interest-bearing assets and liabilities in the first half of 2015 amounted to approx. 0.4%, basically in line with last year.

Finally, the cost/income ratio was about 1.6%, also consistent with 2014.

The credit quality of the Public Entities area's loan portfolio showed virtually no problem positions and was essentially unchanged compared with 2014.

Over the first half of 2015, the Real Estate Area, managed through the Real Estate Business Development unit, stepped up its efforts to enhance the value of public real estate, launching a new web-based portal in February 2015 called "Patrimonio pubblico italia" (www.patrimoniopubblicoitalia.it), featuring a virtual catalogue in two languages to help promote the public real estate market, and an online valuation procedure (VOL – Valorizzazione on line). To date, more than 95 properties distributed across all of Italy have been posted on the portal. Since the launch of the portal, click trends have shown positive growth, with an average of around 1,500 users visiting the website daily.

In the first half of the year, CDP continued its work on disseminating the VOL platform launched in March 2013.

In addition to the customary assistance provided directly to entities interested in the VOL, a Road Show was held, with the support of the Public Entities Area, to promote the VOL nationwide. There are currently 169 Entities registered with the VOL, including 3 Regions, 19 Provinces, 135 Municipalities, 10 other government agencies and two CDP Group companies (CDP Immobiliare and CDPI Sgr).

INFRASTRUCTURE

The parent company's programmes to develop the country's infrastructure are carried out mainly through the Public Interest Lending and Financing areas.

The operations of the Public Interest Lending area concern CDP's direct involvement, alongside the banking system, in financing projects of general public interest sponsored by public entities, for which the financial sustainability of the related projects has been verified.

The main aggregates of the balance sheet and income statement reclassified on an operational basis are summarised in the following table, together with a number of key indicators.

Public Interest Lending - Highlights

(millions of euros; %)

	2015	2014
BALANCE SHEET (figures at 30 June 2015 and 31 December 2014)		
Loans to customers and banks	2,365	1,858
Commitments to disburse funds and guarantees	3,153	3,453
RECLASSIFIED INCOME STATEMENT (accruing in 1st half of 2015 and 2014)		
Net interest income	19	10
Gross income	31	20
Operating income	30	16
INDICATORS		
Credit risk ratios (figures at 30 June 2015 and 31 December 2014)		
Gross bad debts and unlikely to pay/Gross loans to customers and banks	-	-
Net writedowns/Net loans to customers and banks	0.1%	1.1%
Performance ratios (annualised, where material, on the basis of accruals for 1st half)		
Spread on interest-bearing assets and liabilities	1.8%	1.4%
Cost/income ratio	1.9%	4.3%

The stock of loans at 30 June 2015, including IAS/IFRS adjustments, came to €2,365 million, up from the end of 2014 thanks to disbursements made during the period. As of the same date, loans, including disbursement commitments and guarantees, totalled €5,601 million, up by approx. 4% from the end of 2014.

Public Interest Lending - Stock of loans to customers and banks

(millions of euros)

Type of transactions	30-06-15	31-12-14	% change
Project finance	2,239	1,785	25.4%
Loans with repayment charged to the State	209	148	41.0%
Total amounts disbursed or in repayment	**2,448**	**1,933**	**26.6%**
IAS/IFRS adjustments	(83)	(75)	10.7%
Total loans to customers and banks	**2,365**	**1,858**	**27.3%**
Total amounts disbursed or in repayment	**2,448**	**1,933**	**26.6%**
Commitments to disburse funds and guarantees	3,153	3,453	-8.7%
Total loans (including commitments)	**5,601**	**5,386**	**4.0%**

In the first half of 2015, funding of projects of public interest involved a series of new loan agreements amounting to €212 million, showing a drop compared to the volume recorded for the corresponding period of 2014. The decrease was primarily due to the recognition last year of two major loans to companies operating in the roads sector, which were only partly made up for in 2015 by a new financing contract awarded at tender by central government for projects of national interest.

Public Interest Lending - Flow of new loan agreements

(millions of euros)

Type of transactions	1st Half 2015	1st Half 2014	% change
Project finance	151	375	-59.7%
Loans with repayment charged to the State	61	-	n/s
Total	**212**	**375**	**-43.5%**

Disbursements in the first half of 2015 in respect of new loans and those from previous years totalled €530 million, showing a decrease over the previous year, primarily due to the recognition last year of major disbursements relating to project financing projects in the motorway sector. Disbursements in the first half of 2015 related to projects in the motorway, airport and metropolitan roads sectors and to loans to central government for projects of national interest.

Public Interest Lending - Flow of new disbursements

(millions of euros)

Type of transactions	1st Half 2015	1st Half 2014	% change
Project finance	469	724	-35.2%
Loans with repayment charged to the State	61	-	n/s
Total	**530**	**724**	**-26.7%**

The area contributed €19 million in net interest income to CDP earnings, an increase compared to 2014 driven by the dual effect of the increased stock of loans and the improved spread between assets and liabilities of approx. 0.4%. Combined with higher commission income, the result brought operating income up to €30 million (versus €16 million in 2014). No significant variation was seen in the credit quality of the portfolio managed.

Finally, the cost/income ratio for the area came to about 2%, a substantial improvement mainly resulting from the performance of revenues.

The main aggregates of the balance sheet and income statement reclassified on an operational basis for the Financing area are summarised in the following table together with a number of key indicators.

Financing - Highlights

(millions of euros; %)

	2015	2014
BALANCE SHEET (figures at 30 June 2015 and 31 December 2014)		
Loans to customers and banks	4,710	4,638
Commitments to disburse funds and guarantees	2,250	1,533
RECLASSIFIED INCOME STATEMENT (accruing in 1st half of 2015 and 2014)		
Net interest income	27	32
Gross income	35	36
Operating income	34	15
INDICATORS		
Credit risk ratios (figures at 30 June 2015 and 31 December 2014)		
Gross bad debts and unlikely to pay/Gross loans to customers and banks	2.2%	2.5%
Net writedowns/Net loans to customers and banks	0.1%	0.8%
Performance ratios (annualised, where material, on the basis of accruals for 1st half)		
Spread on interest-bearing assets and liabilities	1.2%	1.2%
Cost/income ratio	1.6%	3.0%

New initiatives in the first half of 2015 saw an expansion in Financing operations, in accordance with the provisions of the Sblocca Italia (Unblock Italy) Decree Law. The scope of operations today covers corporate financing and project finance, investments in works, systems, networks and equipment designed for initiatives of public utility, and investments in research, development and innovation, protection and enhancement of cultural heritage, promotion of tourism, environment and energy efficiency and the green economy.

In addition to this, CDP will play a role in the “Juncker” Investment Plan for Europe by activating the customary operating channels with the EIB (joint financing of projects or use of funding provided by the EIB).

At 30 June 2015, the stock of loans disbursed totalled €4,710 million, including IAS/IFRS adjustments, recording a slight increase over the stock at the end of 2014 (€4,638 million). Growth was driven by new disbursements of loans and subscriptions of bonds, also through the new Research, Development and Innovation fund set up in 2015, which more than offset extinguishments and principal repayments of existing loans.

Including commitments to disburse funds, and excluding IAS/IFRS adjustments, the total stock came to €7,033 million, an approx. 13% increase compared to 2014 (€6,242 million). The change was attributable to higher volumes of new loan agreements compared to principal repayments due and loan repayments made in the first half of 2015.

Financing - Stock of loans to customers and banks

(millions of euros)

Type of transactions	30-06-15	31-12-14	% change
Project finance	361	393	-8.2%
Corporate finance	4,042	4,136	-2.3%
Securities	380	180	111.1%
Total amounts disbursed or in repayment	**4,783**	**4,709**	**1.6%**
IAS/IFRS adjustments	(72)	(71)	2.6%
Total loans to customers and banks	**4,710**	**4,638**	**1.6%**
Total amounts disbursed or in repayment	**4,783**	**4,709**	**1.6%**
Commitments to disburse funds and guarantees	2,250	1,533	46.8%
Total loans (including commitments)	**7,033**	**6,242**	**12.7%**

In the first half of 2015 a total of €1,462 million in new loans and guarantees were granted, showing strong growth compared to the first half of 2014. The rise in new loans, reflected in both the amount and the number of new loan agreements made (12 in 2015 versus 2 in 2014), was driven by the introduction of the new Research, Development and Innovation fund and the recognition of a number of major loans. New loans concluded in 2015 mainly concern financing in favour of entities operating in national transport infrastructure and in the steel, energy, telecommunications and local multi-utility sectors.

Financing - Flow of new loan agreements

(millions of euros)

Type of transactions	1st Half 2015	1st Half 2014	% change
Loans	915	-	n/s
Guarantees	247	173	42.6%
Bonds	-	-	n/s
Total	**1,162**	**173**	**570.9%**
Research, Development & Innovation	300	-	n/s
Grand total	**1,462**	**173**	**570.9%**

Disbursements in the first half of 2015 in respect of new loans amounted to €601 million, showing a sharp increase on the corresponding period of the previous year due to the introduction of the new Research, Development and Innovation fund.

Financing - Flow of new disbursements

(millions of euros)

Type of transactions	1st Half 2015	1st Half 2014	% change
Loans	301	(22)	n/s
Bonds	-	-	n/s
Total	**301**	**(22)**	**n/s**
Research, Development & Innovation	300	-	n/s
Grand total	**601**	**(22)**	**n/s**

Note: figures net of revolving principal repayments

In terms of contribution to CDP earnings for the first half of 2015, net interest income dropped slightly to €27 million (€32 million in the first half of 2014), driven down by lower volumes handled. Lower interest income was, however, more than offset by higher commission income and the lower impact of net adjustments to loans as a result of the improving credit quality of the loan portfolio, driving operating income up to €34 million for the first half of 2015 (€15 million for the first half of 2014).

Finally, the cost/income ratio of the Area is equal to 1.6%, an improvement compared to the first half of 2014, due to the growth in revenues.

At 31 March 2015, CDP’s market share in the infrastructure investment area, which reflects CDP's relatively recent entry into this sector, came to 5.0%, slightly up compared with the end of 2014. The core segment remains the overall stock of debt relating to infrastructure in the following industries: motorways, ports and railway works; energy-related plant and networks; and infrastructure used in the operations of local public service organisations.[32]

ENTERPRISES

CDP's programmes in support of the country's economy are carried out primarily through the Economic Support Area, which is responsible for managing facilitated credit instruments established by specific legislation and the economic and export support instruments developed by CDP.
More specifically, subsidised loans primarily draw on CDP resources with state interest subsidies (the Revolving Fund for support to enterprises and investment in research - FRI and Capital Goods fund), while also taking advantage, to a residual extent, of central government funding in the form of capital grants and facilitated credit (Territorial Agreements and Area Contracts, Low Environmental Impact Vehicles Fund) or other subsidised financing (Kyoto Fund).

Economic support measures include the funds available to banks for i) loans to Enterprises (SME, MID, SME Networks and Export funds), ii) to assist in the reconstruction and economic recovery of the regions hit by natural disasters (earthquakes in Abruzzo in 2009 and parts of Emilia-Romagna, Veneto and Lombardy in 2012, and flood in Sardinia in 2013) and, since the end of 2013, iii) to support the residential real estate market.

Alongside this, CDP provides finance to Italian companies for internationalisation projects and to support export business through the Export Bank system, which involves financing by CDP, guarantees and risk hedging instruments provided by SACE or other export credit agencies (ECAs), national development banks or international financial institutions and the full participation of SIMEST and banks in the organisation of financing operations for Italian export companies.

The main aggregates of the balance sheet and income statement reclassified on an operational basis are summarised in the following table, together with a number of key indicators.

32 Bank of Italy, Money and Banking, Table 2.5 (TSC20400) and Table 2.9. (TSC20810)

Economic Support - Highlights

(millions of euros; %)

	2015	2014
BALANCE SHEET (figures at 30 June 2015 and 31 December 2014)		
Loans to customers and banks	14,827	13,999
Amounts to disburse	30	31
Commitments to disburse funds	2,968	3,085
RECLASSIFIED INCOME STATEMENT (accruing in 1st half of 2015 and 2014)		
Net interest income	31	36
Gross income	34	40
Operating income	40	37
INDICATORS		
Credit risk ratios (figures at 30 June 2015 and 31 December 2014)		
Gross bad debts and unlikely to pay/Gross loans to customers and banks	0.7%	0.7%
Net writedowns/Net loans to customers and banks	(0.04%)	0.03%
Performance ratios (annualised, where material, on the basis of accruals for 1st half)		
Spread on interest-bearing assets and liabilities	0.4%	0.6%
Cost/income ratio	3.3%	4.1%

In relation to operations in the first half of 2015, on 28 January 2015 the Minister for the Economy and Finance extended the state guarantee provided by Decree Law 39/2009 to CDP in relation to the Abruzzo Reconstruction Fund, thereby reducing CDP's exposure to the banks participating in the fund and enabling the greater use of other funds for supporting the economy targeted at households and enterprises.

In implementation of Law 190 of 23 December 2014 (2015 Stability Law), on 11 February 2015 an addendum was signed to the framework agreement between CDP, the Italian Banking Association (ABI) and the Ministry for Economic Development, under which the Capital Goods Fund was increased to €5 billion. The fund is earmarked for investments in capital goods by small businesses and SMEs.

Following the issue of the inter-ministerial decree establishing the First Home Guarantee Fund, introduced by Article 1.48 c) of Law 147 of 27 December 2013 (2014 Stability Law), in February 2015 CDP approved the introduction of the new "zero weighted" Housing Fund, in an effort to facilitate even further retail mortgage lending for the purchase of a home and for renovation work that improves the energy efficiency of homes. The effective introduction of the new fund will be subject to a specific addendum to the CDP–ABI framework agreement to govern the fund.

In relation to facilitated credit, on 23 February 2015 the Ministry for the Economy and Finance, in concert with the Ministry for Economy Development, issued a decree instructing how unused funding from the Revolving Fund for Enterprises may be used and its redistribution among initiatives funded through the Sustainable Growth Fund. This latter fund supports initiatives designed to i) promote projects of strategic relevance for boosting the competitiveness of industry, including projects aimed at consolidating the research and development centres and facilities of companies; ii) strengthen manufacturing in the country, reutilise production facilities and relaunch areas in deep economic crisis of national importance; iii) promote the international expansion of companies and attract foreign investment. The ministerial decree is part of a broader process to boost the efficiency of the main facilitated credit fund managed by CDP, which will be implemented in full through a specific framework agreement between the ABI and the Ministry for Economic Development.

With regard to measures for earthquake affected areas, on 31 March 2015, CDP and the ABI signed a special addendum to the framework agreements governing the 2012 Earthquake Moratorium fund by which loan repayments were rescheduled in accordance with the provisions of Law 11 of 27 February 2015. The rescheduling suspends the start of principal repayments by 12 months and extends the term for the repayment of the loans by an additional year.

The publication in February 2015 of the ministerial decree, dated 23 December 2014, implementing Article 1.44 of the 2014 Stability Law enabled CDP to approve a series of measures for the general redefinition of the scope of its operations to include debt instruments to support exports and the internationalisation of business. Specifically, two agreements were made with the ABI, one focused on the Export Bank system, the other on expanding the Export Fund, by which the measures approved by CDP at the end of February 2015 have now been implemented in full.

With reference to the Export Bank system, on 18 March a memorandum of understanding was signed by CDP and the ABI entitled “Guidelines for CDP Products for Business Internationalisation and Exports”, which provide the overall operational framework for CDP initiatives. The memorandum enables the immediate activation of new measures, including an increase in the funds earmarked by CDP for the sector from €6.5 billion to €15 billion.

As concerns the Export Fund, on 15 April an addendum was signed to the framework agreement between CDP and the ABI dated 5 August 2014 governing the Enterprises Platform Fund. The addendum raises the Export Fund to €1 billion and extends its original purpose of post-financing letters of credit to include the financing of all kinds of export operations.

In partnership with industry associations, in particular Confindustria, and bank foundations, road show events have been organised to raise awareness in the business world of the opportunities CDP promotes to support the economy, in particular debt instruments targeted at opening access to credit and promoting local economic growth and infrastructure.

CDP has also launched a number of one-to-one partnership initiatives with ECAs with a view to activating further synergies for financing export operations pursued by companies.

Finally, recent reforms to Italian development cooperation (Law 125/14) and amendments to the CDP Articles of Association have broadened the operational scope of the Group to include lending to public and private entities for international development cooperation initiatives, for which CDP can now play a complementary role to other cooperation players such as the Ministry for Foreign Affairs, the Ministry for the Economy and Finance and the Italian Development Cooperation Agency.

As regards the loan portfolio of the area, the stock of loans to customers and banks, including adjustments for IAS/IFRS purposes, at 30 June 2015 came to €14,827 million, up by 6% from the end of 2014, mainly due to the disbursements related to Export Bank loans and disbursements through the Capital Goods Fund and the Enterprises Platform Fund, which, together, more than offset debt repayments and extinguishments made on the basis of half-year reports (which mainly regarded the SME fund).

In detail, the stock of enterprise loans amounted to €8,682 million (down by 4% compared to 2014), while the balance of reconstruction loans connected with natural disasters, at 30 June 2015, amounted to €3,322 million; the stock of Export Bank loans at the end of the first half of 2015 rose to €1,342 million (up by 72% from the end of the previous year), driven primarily by major disbursements to counterparties in the shipbuilding sector. Finally, the stock of residential real estate sector loans amounted to €290 million, a jump of 82% compared to the end of 2014, while the stock of other products designed to support economic growth totalled €1,222 million, in line with the figure for the end of the previous year.

Including commitments to disburse funds, and excluding IAS/IFRS adjustments, the total stock came to €17,827 million, 4% higher than the end of 2014, as the volume of new lending more than offset principal repayments during the year.

Economic Support - Stock of loans to customers and banks by product

(millions of euros)

Product	**30-06-15**	**31-12-14**	**% change**
Enterprises	8,682	9,037	-3.9%
- of which SME fund	*7,002*	*7,970*	*-12.2%*
- of which Capital Goods fund	*1,442*	*942*	*53.2%*
- of which MID enterprises fund	*235*	*125*	*88.3%*
- of which Export fund	*4*	*-*	*n/s*
Residential real estate	290	159	82.1%
Export Bank	1,342	780	72.2%
Natural disasters	3,322	2,846	16.7%
- of which post-earthquake reconstruction - Abruzzo	*1,757*	*1,792*	*-1.9%*
- of which post-earthquake reconstruction - Emilia	*860*	*577*	*49.1%*
- of which tax moratorium	*706*	*478*	*47.7%*
Other products	1,222	1,217	0.5%
- of which FRI loans	*1,052*	*1,043*	*0.9%*
- of which Intermodal systems loans (Article 38.6, Law 166/02)	*46*	*49*	*-6.8%*
- of which equity investment loans	*125*	*125*	*0.0%*
Total amounts disbursed or in repayment	**14,859**	**14,038**	**5.8%**
IAS/IFRS adjustments	(32)	(39)	-19.4%
Total loans to customers and banks	**14,827**	**13,999**	**5.9%**
Total amounts disbursed or in repayment	**14,859**	**14,038**	**5.8%**
Commitments to disburse funds	2,968	3,085	-3.8%
Total loans (including commitments)	**17,827**	**17,123**	**4.1%**

The amounts to be disbursed, including commitments, decreased compared with the end of 2014 as a result of new loans agreed during the period, which were more than offset by the amount of new disbursements and the reduction in undisbursed portions of existing loans. As a result, the aggregate went from €3,115 million at the end of 2014 to €2,999 million at 30 June 2015. Within this aggregate, the incidence of amounts not disbursed relating to the Export Bank product amounted to 77% of the total.

Economic Support - Stock of amounts to disburse

(millions of euros)

	30-06-15	31-12-14	% change
Amounts to disburse *	30	31	-1.1%
Commitments to disburse funds	2,968	3,085	-3.8%
Total amounts to disburse (including commitments)	**2,999**	**3,115**	**-3.7%**

* State funds managed by CDP

New lending, investment and managed resources in the first half of 2015 in connection with instruments designed to support economic growth totalled €2,345 million, showing a decrease compared to the corresponding period of 2014 (-23%) The downward trend was primarily driven by lower volumes of SME Fund lending, lower subscriptions of Italian covered bank bonds and lower sales of residential mortgage-backed securities in the residential market, which were only partially offset by higher lending through the Capital Goods Fund and Housing Fund.

In detail, the main component of the volumes consisted of SME Fund loans (€651 million) and Capital Goods Fund loans (€628 million), which together accounted for around 55% of total volumes, a decrease compared to the first half of 2014 driven primarily by ECB measures which expanded the liquidity available to the banking industry; if lending through the new MID and Export Funds is taken into account, the volume of products targeted at enterprises accounts for just under 60% of total new volumes. A significant contribution to total volumes (approx. 24%, slightly lower than 2014) came from residential real estate market products. Finally, loans in favour of areas affected by natural disasters totalled €293 million, a sharp increase over the same period of 2014 (€168 million), mainly due to the fund for the reconstruction of areas affected by the earthquake of May 2012, which accounted for around 12% of total volumes of new lending, investment and managed resources.

Specifically in relation to Export Bank operations, in 2015 a new financing agreement was made with the construction sector and another of major value was negotiated with the shipbuilding sector, following the letter of commitment signed at the end of last year.

In addition to these loan agreements, €51 million in loans were channelled through the Revolving Fund, €17 million for the management of central government funds and €1 million of loans were channelled through the Kyoto Fund.

Economic Support - Flow of new loans by product

(millions of euros)

Product	**1st Half 2015**	**1st Half 2014**	**% change**
Enterprises	1,393	1,809	-23.0%
- of which SME fund	*651*	*1,487*	*-56.2%*
- of which Capital Goods fund	*628*	*322*	*95.3%*
- of which MID enterprises fund	*110*	*-*	*n/s*
- of which Export fund	*4*	*-*	*n/s*
Residential real estate	568	789	-28.1%
- of which Covered Bonds/RMBS	*397*	*755*	*-47.4%*
- of which Housing fund	*171*	*34*	*399.7%*
Export Bank	22	65	-65.6%
Natural disasters	293	168	74.6%
Other products	69	227	-69.5%
- of which FRI loans	*51*	*198*	*-74.1%*
- of which Kyoto fund	*1*	*3*	*-60.2%*
- of which equity investment loans	*-*	*-*	*n/s*
- of which third-party funds disbursements	*17*	*26*	*-36.3%*
Total	**2,345**	**3,058**	**-23.3%**

In the first half of 2015, €2,920 million of these loans were disbursed, largely related to loans to enterprises (around 47% of the total considering both the SME Fund and the Capital Goods Fund), through the Export Bank Fund (around 20% of the total) and to the residential real estate sector (about 19% of the total). The volume of disbursements in 2015 showed a slight drop on the previous year (-4%), mainly due to lower volumes disbursed through the SME Fund, which offset the higher disbursements recorded for the Export Bank Fund and the Capital Goods Fund.

Economic Support - Flow of disbursements by product

(millions of euros)

Product	1st Half 2015	1st Half 2014	% change
Enterprises	1,367	1,870	-26.9%
- of which SME fund	*658*	*1,549*	*-57.5%*
- of which Capital Goods fund	*596*	*322*	*85.2%*
- of which MID enterprises fund	*110*	*-*	*n/s*
- of which Export fund	*4*	*-*	*n/s*
Residential real estate	568	789	-28.1%
- of which Covered Bonds/RMBS	*397*	*755*	*-47.4%*
- of which Housing fund	*171*	*34*	*399.7%*
Export Bank	589	109	439.5%
Natural disasters	293	168	74.6%
Other products	104	116	-10.8%
- of which FRI loans	*85*	*89*	*-4.2%*
- of which Kyoto fund	*2*	*1*	*53.8%*
- of which equity investment loans	*-*	*-*	*n/s*
- of which third-party funds disbursements	*17*	*26*	*-36.3%*
Total	**2,920**	**3,053**	**-4.3%**

With particular reference to loans in support of enterprises, a total of €17,964 million was disbursed, of which (i) €16,000 million within the scope of the SME fund, thus drawing down completely the funds allocated in 2009 and 2012; (ii) €1,538 million related to the new Capital Goods Fund, with lending commenced in March 2014 and (iii) €425 million related to loans aimed at facilitating access to credit for both SMEs and new business sectors (Mid-caps, enterprise networks and export-oriented enterprises).

Economic Support - Enterprises fund

(millions of euros)

Product	Loans agreed *	Loans disbursed	% resources used
SME fund	16,000	16,000 *	100%
Enterprises Platform fund	425	425 *	8%
Capital Goods fund	1,684	1,538 **	31%
Total enterprise products fund	**18,109**	**17,964**	**68%**

Note: the percentage use of the funds is calculated on the disbursements

* Gross of extinguishments made on basis of half-year accounts

** Net of principal repayments to reconstitute the fund, as a result of the extinguishments due to failure by the Bank to agree the loan with the SME

In terms of the contribution of the Economic Support Area to CDP earnings in the first half of 2015, net interest income slightly decreased, from €36 million in 2014 to €31 million in 2015. The performance is due to the reduction of margins between assets and liabilities (from approx. 0.6% to 0.4%), partially offset by the increase in volumes handled. The decrease was, however, more than offset by writebacks to loans connected with the adjustment to the collective valuation of loans granted through the Abruzzo Reconstruction Fund, bringing operating income up to €40 million.

Finally, the cost/income ratio came to 3.3%, down compared to the 4.1% recorded for the first half of 2014, due to the growth in related revenues.

Finally, the credit quality of the loan portfolio of the Economic Support Area remained substantially stable.

5.1.1.2. Equity investment portfolio management

At 30 June 2015, equity investments and investments in investment funds totalled €29,663 million, a drop of approx. €683 million (-2%) compared to 31 December 2014; including the value of the portfolio of equity investments, equal to approx. €28,319 million, and of investment funds and other investment vehicles, which totalled approx. €1,345 million.

EQUITY INVESTMENTS, INVESTMENT FUNDS AND INVESTMENT VEHICLES

(thousands of euros)

	31-12-14	Changes		30-06-15
	Carrying amount	from inv./disinv.	from measurement	Carrying amount
Equity investments	29,046,111	(727,443)	(67)	28,318,600
Investment funds and investment vehicles	1,299,664	38,033	6,966	1,344,662
Total	**30,345,774**	**(689,410)**	**6,898**	**29,663,262**

SUBSIDIARIES AND OTHER SHAREHOLDINGS

At 30 June 2015, the carrying amount of the portfolio of equity investments was down by approx. €728 million (-3%) from 31 December 2014.

Equity investments

(thousands of euros)

	31-12-14		Changes		30-06-15	
	% holding	Carrying amount	from inv./disinv.	from measurement	% holding	Carrying amount
A. Listed companies						
1. Eni S.p.A.	25.76%	15,281,632	-	-	25.76%	15,281,632
B. Unlisted companies						
2. SACE S.p.A.	100.00%	5,150,500	(798,926)	-	100.00%	4,351,574
3. Fondo Strategico Italiano S.p.A.	77.70%	3,419,512	-	-	77.70%	3,419,512
4. CDP Reti S.p.A.	59.10%	2,017,339	-	-	59.10%	2,017,339
5. Fintecna S.p.A.	100.00%	2,009,436	-	-	100.00%	2,009,436
6. CDP Immobiliare S.r.l.	100.00%	385,400	141,512	-	100.00%	526,912
7. CDP GAS S.r.l.	100.00%	467,366	-	-	100.00%	467,366
8. Simest S.p.A.	76.00%	232,500	-	-	76.10%	232,500
9. Sinloc S.p.A.	11.29%	5,986	-	-	11.29%	5,986
10. Istituto per il Credito Sportivo	2.21%	2,066	-	-	2.21%	2,066
11. F2i SGR S.p.A.	16.52%	1,888	-	33	16.52%	1,921
12. CDP Investimenti SGR S.p.A.	70.00%	1,400	-	-	70.00%	1,400
13. Fondo Italiano d'Investimento SGR S.p.A.	12.50%	956	-	-	12.50%	956
14. Quadrante S.p.A.	100.00%	70,130	(70,130)	-	-	-
15. Europrogetti & Finanza S.p.A. in liquidation	31.80%	-	-	-	31.80%	-
16. Nuova Sorgenia Holding S.p.A.	-	-	100	(100)	-	-
Total		**29,046,111**	**(727,443)**	**(67)**		**28,318,600**

In the first half of 2015, the breakdown of the portfolio changed as a result of the merger by incorporation of Quadrante in CDP Immobiliare, effective as of 1 January 2015. The transaction was conducted with a view to consolidating the real estate assets held by CDP Immobiliare.

Other corporate transactions conducted in the first half of 2015 which impacted the value of the portfolio are reported below:

- Reduction of the share capital of SACE, as of 31 March 2015, for a total of €799 million. The transaction was the last step of a process designed to optimise the company's asset structure, which enabled capital to be freed up for the parent company through the use of cash and cash equivalents;
- Injection of new capital by CDP in CDP Immobiliare, for a total of €142 million, of which: (i) €72 million to support the development of real estate projects by the company and its investment holdings; (ii) €70 million in connection with the merger by incorporation of Quadrante in CDP Immobiliare.

Other changes in the value of the equity investment portfolio refer to positive valuation differences of minor significance in relation to F2i SGR S.p.A.

It should be noted that equity investments in subsidiaries and associated companies are accounted for at purchase cost and subject to possible impairment, while interests included in the portfolio of assets available for sale are accounted for at fair value. The dividends received from investment holdings are recognised in the income statement revenues, regardless of the classification portfolio.

The current portfolio of equity investments held by CDP can be classified for the purposes of the separate financial statements as follows:

- the investments in CDP GAS, CDP Immobiliare, CDP RETI, CDPI SGR, Fintecna, FSI, SACE and SIMEST are classified as investments in subsidiaries and carried at purchase cost, net of any write-downs;
- the investments in ENI S.p.A. and Europrogetti & Finanza S.p.A. in liquidazione are classified as investments in associates and are therefore carried at purchase cost, net of any write-downs;
- the investments in Fondo Italiano d'Investimento SGR S.p.A, F2i SGR S.p.A., Istituto per il Credito Sportivo, Sinloc S.p.A. and Nuova Sorgenia Holding S.p.A., on the other hand, do not constitute investments in subsidiaries or associates. These investments therefore continue to be classified as available-for-sale financial assets and are measured at fair value, with changes in value taken to a specific equity reserve.

As concerns the separation of organisation and accounting, equity interests in the CDP portfolio as at 30 June 2015, regardless of their classification for financial reporting purposes, fall within the scope of the Separate Account, with the exception of the stakes held in CDP GAS, CDPI SGR, F2i SGR S.p.A., Fondo Italiano d'Investimento SGR S.p.A. and Nuova Sorgenia Holding S.p.A., which fall under the Ordinary Account, as well as FSI, for which the initial investment was classified under Joint Services, with the subsequent contributions falling within the scope of the Separate Account.

Dividends accruing to the first half of 2015 totalled approx. €1,158 million and were connected mainly with the equity investments in ENI (€524 million), SACE (€280 million), Fondo Strategico Italiano S.p.A. (€128.6 million), CDP RETI (€112 million), Fintecna (€85 million), and CDP GAS (€25 million).

INVESTMENT FUNDS AND INVESTMENT VEHICLES

The equity investment of CDP, as subscriber, in mutual funds and investment vehicles is mainly aimed at facilitating:

- investments in sustainable living and the development of public real estate;
- the development, internationalisation and concentration of Italian SMEs;
- investments in physical and social infrastructures:
  - at the local level, in collaboration with local authorities and with the shareholder foundations. In this context, CDP also promotes public-private partnership (PPP) projects;
  - at the national level, focusing on works of significant dimensions in collaboration with Italian and foreign institutional investors;
  - at the international level, in support of infrastructure and network projects involving several countries, not only within the European Union, in cooperation with European institutions and with comparable foreign organisations (such as CDC, KfW and EIB).

At 30 June 2015, the portfolio of investment funds and corporate investment vehicles totalled about €1,345 million, up by about €45 million (+3%) compared with 31 December 2014.

Investment funds and investment vehicles

(thousands of euros)

	Sector	31-12-14 % holding	31-12-14 Carrying amount	Changes from inv./disinv.	Changes from measurement	30-06-15 % holding	30-06-15 Carrying amount	30-06-15 Remaining Commitment
A. Investment vehicles								
1. Inframed Infrastructure société par actions simplifiée à capital variable (Inframed Fund)	Infrastructure							
- A units		38.92%	96,690	21,554	12,983	38.92%	131,227	40,874
- B units		0.007%	17	(17)	-	0.000%	-	-
2. 2020 European Fund for Energy, Climate Change and Infrastructure SICAV-FIS Sa (Marguerite Fund)	Infrastructure	14.08%	36,916	-	2,854	14.08%	39,770	60,850
3. European Energy Efficiency Fund SA, SICAV-SIF (EEEF Fund)	Energy							
- A units		12.64%	12,286	-	-	12.64%	12,286	39,627
- B units		1.99%	1,938	-	-	1.99%	1,938	6,049
4. Galaxy S.àr.l. SICAR	Infrastructure	40.00%	2,348	-	-	40.00%	2,348	-
B. Investment funds								
1. FIV Extra	Public building	100.00%	679,400	-	(1,952)	100.00%	677,448	351,600
2. Fondo Investimenti per l'Abitare	Social Housing	49.31%	174,343	37,035	(4,828)	49.31%	206,550	739,724
3. F2i Fondi Italiani per le Infrastrutture	Infrastructure							
- A units		8.10%	129,132	(31,673)	102	8.10%	97,561	15,790
- C units		0.04%	709	(174)	0	0.04%	536	87
4. Fondo Italiano d'Investimento	SMEs and export finance	20.83%	67,360	6,795	(2,483)	20.83%	71,672	127,648
5. F2i - Secondo Fondo Italiano per le Infrastrutture	Infrastructure	12.90%	40,304	-	633	12.90%	40,937	58,637
6. FIV Plus	Public building	100.00%	20,151	3,700	(683)	100.00%	23,168	70,900
7. European Investment Fund		1.20%	19,834	-	718	1.20%	20,552	40,000
8. PPP Italia Fund	Infrastructure and PPP projects	14.58%	9,426	(255)	158	14.58%	9,329	2,054
9. Fondo Immobiliare di Lombardia - Comparto Uno (formerly Abitare Sociale 1)	Social Housing	5.42%	8,110	-	(20)	4.71%	8,090	11,000
10. Private Debt FoF	SMEs and export finance	100.00%	617	723	(449)	84.75%	891	247,987
11. Venture Capital FoF	SMEs and export finance	100.00%	82	345	(68)	83.33%	359	49,356
Total			**1,299,664**	**38,033**	**6,966**		**1,344,662**	**1,862,184**

In detail, the carrying amount of the portfolio was amended in the light of:

- the net positive balance of around €38 million between payments requested by vehicles and funds and payouts distributed by them to CDP;
- positive valuation differences of approx. €7 million.

From an accounting point of view, the funds and investment vehicles can be classified as follows:

- the investment in Galaxy S.àr.l. has been classified as an investment in associates and is therefore carried at purchase cost, net of distributions and write-downs;
- the investments in 2020 European Fund for Energy Climate Change and Infrastructure SICAV-FIS Sa, in Inframed Infrastructure SAS à capital variable and in European Energy Efficiency Fund SA SICAV-SIS, on the

other hand, do not constitute investments in subsidiaries or associates. These investments therefore continue to be classified as financial assets available for sale and are carried at fair value;

- the investments held in the investment funds: PPP Italia, Fondo Immobiliare di Lombardia – Sub-fund 1, F2i–Fondo Italiano per le Infrastrutture, F2i–Secondo Fondo Italiano per le Infrastrutture, Fondo Italiano di Investimento, Private Debt Fund of Funds, Venture Capital Fund of Funds, European Investment Fund, Fondo Investimenti per l'Abitare and Fondo Investimenti per la Valorizzazione have been classified as financial assets available for sale and are carried at fair value.

With reference to organisational and accounting separation, the shares in investment funds and investment vehicles in the CDP portfolio at 30 June 2015, regardless of their classification in the financial statements, fall within the scope of the Separate Account, except for the shares in Galaxy S.àr.l, F2i–Fondo Italiano per le Infrastrutture, F2i–Secondo Fondo Italiano per le Infrastrutture, Fondo Immobiliare di Lombardia and Fondo PPP which fall within the scope of the Ordinary Account and are therefore entirely financed by funding raised under that account.

5.1.1.3. Investment of the financial resources of the Parent Company

With regard to the investment of financial resources, the following table reports the aggregates for cash and cash equivalents, along with an indication of the alternative forms of investing financial resources in debt securities.

Stock of investments of financial resources

(millions of euros)

	30-06-15	31-12-14	% change
Cash and cash equivalents and other treasury investments	194,401	180,890	7.5%
- Treasury current account	*152,989*	*146,811*	*4.2%*
- Reserve requirement	*2,109*	*1,891*	*11.5%*
- Other treasury investments Separate Account	*1,379*	*1,749*	*-21.2%*
- Repurchase agreements	*35,973*	*27,171*	*32.4%*
- Deposits (assets) Ordinary Account	*1,469*	*1,206*	*21.8%*
- Deposits (assets) on Credit Support Annex transactions	*482*	*2,061*	*-76.6%*
Debt securities	37,303	27,764	34.4%
- Separate Account	*36,639*	*26,602*	*37.7%*
- Ordinary Account	*663*	*1,163*	*-43.0%*
Total	**231,704**	**208,654**	**11.0%**

At 30 June 2015, the balance on the current account with the Central State Treasury, where CDP funding through the Separate Account is deposited, stood at about €153 billion, up from year-end 2014 (approx. €147 billion). The rise was driven primarily by (i) the greater proportion of cheaper, short-term funding, especially repurchase agreements, in the funding mix, compared to the past; (ii) the repayment of SACE share capital; (iii) the collection in 2015 of interest income accruing in the second half of 2014 on the treasury account.

The liquidity deposited for the reserve requirement came to €2,109 million at 30 June 2015, against a reserve requirement which has already been met and stood at €3,083 million for the final maintenance period of the first half of 2015. The liabilities of CDP that are subject to the reserve requirement are those that have a maturity of or are payable with notice of up to two years, with the exception of liabilities with credit institutions that are subject to the ECB's reserve requirements. The management of the reserve requirement is designed to ensure the accounting separation of the Separate Account and the Ordinary Account.

Investment activity in repurchase agreements with Italian government securities collateral is almost entirely attributable to the investment of much of the liquidity funded via the OPTES funding channel. At 30 June 2015, the stock of this aggregate amounted to €36 billion, with significant growth compared to the end of December 2014 (€27.2 billion), in line with the growth in OPTES funding.

As regards the securities portfolio, at 30 June 2015 the balance amounted to €37.3 billion, up from year-end 2014 (+34%; €27.8 billion) due to new purchases mainly with a long-term maturity. Net of the securities invested for OPTES funding (totalling around €15 billion), the balance amounts to approx. €22 billion, up by 10% mainly as a result of short-term securities purchased through the Government Securities Amortisation Fund.

With regard to short-term treasury management operations under the Ordinary Account, CDP uses money market instruments such as deposits and repurchase agreements in order to optimise the timing and cost of consolidation with medium and long-term funding. To invest any excess liquidity, CDP uses deposits with banks with high credit ratings and short-term Italian government securities.

As regards the deposits for credit support annex (CSA) transactions, which were established under guarantee agreements to limit the counterparty risk associated with transactions in derivative instruments, at 30 June 2015 there was a net debit balance of -€112 million, in contrast with the credit balance posted at the end of 2014 (€1,531 million). The turnaround was driven mainly by the restructuring of a part of the derivatives designated as hedges on a series of loans under renegotiation over the course of 2015. CSA deposits are also managed in a manner that ensures accounting separation between the two Accounts.

Net interbank position ordinary account and net deposits on CSA transactions

(millions of euros)

	30-06-15	31-12-14	% change
Net deposits on Credit Support Annex transactions	-112	1,531	*n/s*
- of which deposits (assets) for CSA	482	2,061	*-76.6%*
- of which deposits (liabilities) for CSA	594	530	*12.2%*

5.1.1.4. Funding of the parent company

FUNDING FROM BANKS

The table below shows CDP's overall position in terms of funding from banks at 30 June 2015, compared with 31 December 2014.

Stock of funding from banks

(millions of euros)

	30-06-15	31-12-14	% change
ECB refinancing	4,676	5,496	-14.9%
- of which Separate Account	*3,824*	*4,144*	*-7.7%*
- of which Ordinary Account	*852*	*1,352*	*-37.0%*
Deposits and Repurchase agreements	*5,574*	*1,895*	*194.1%*
- of which Separate Account	*5,471*	*1,722*	*217.7%*
- of which Ordinary Account	*103*	*173*	*-40.3%*
Deposits (liabilities) for CSA and other	*867*	*530*	*63.7%*
EIB credit facilities	4,190	4,159	*0.7%*
- of which Separate Account	*1,749*	*1,660*	*5.4%*
- of which Ordinary Account	*2,440*	*2,499*	*-2.4%*
KFW credit facilities	300	0	*n/s*
- of which Separate Account	*300*	*0*	*n/s*
- of which Ordinary Account	*0*	*0*	*n/s*
Total	**15,607**	**12,080**	**29.2%**

With regard to institutional funding through the European Central Bank (ECB), in the first half of 2015 the three-year loan provided under the ECB's long-term refinancing operations for a total of €4.8 billion expired (of which €3.8 billion was held in the Separate Account and €1 billion was held in the Ordinary Account). The amount was almost entirely refinanced by CDP with €4 billion raised through the ECB's short-term funding auctions (MRO), of which €3.5 billion is held in the

Separate Account and €0.5 billion is held in the Ordinary Account. As a result, the total of stock of funding amounted to approx. €4.7 billion, of which €0.7 billion through targeted longer-term refinancing operations (TLTRO).

The stock of reverse repurchase agreements totalled approx. €5.6 billion at 30 June 2015, an increase compared to 31 December 2014, to take advantage of the low cost of funding connected with market interest rate trends.

As concerns credit facilities granted by the European Investment Bank (EIB), in the first half of 2015 a new loan for €0.1 billion was obtained for the Separate Account, earmarked as funding for the 2012 Earthquake Reconstruction fund.
Following the funding agreement for €0.5 billion made by CDP with Kreditanstalt für Wiederaufbau (KfW) in 2014, in the first half of 2015 CDP requested and obtained a disbursement of €0.3 billion for financing to SMEs.

EIB and KFW credit facilities

(millions of euros)

	Date of issue / funding	Nominal value
EIB Draw (maturity date 30-Jun-2040)	11-mag-15	100
KFW Draw (maturity date 15-Nov-2020)	28-apr-15	300
Total		**400**
- Of which under the Separate Account		400
- Of which under the Ordinary Account		-

FUNDING FROM CUSTOMERS

The table below shows CDP's overall position in terms of funding from customers at 30 June 2015, compared with 31 December 2014.

Stock of funding from customers

(millions of euros)

	30-06-15	31-12-14	% change
Deposits (liabilities) OPTES	54,000	38,000	*42.1%*
Deposits of investees	7,380	7,774	*-5.1%*
Amounts to disburse	5,923	5,983	*-1.0%*
Government securities amortisation fund	2,558	0	*n/s*
Total	**69,861**	**51,757**	**35.0%**

As regards OPTES operations, in the first half of 2015 CDP, as recognised counterparty in the liquidity management operations of the MEF, carried out

funding transactions for a total daily average of approx. €50.6 billion compared to approx. €28.2 billion in 2014 (with a balance of €54 billion at 30 June 2015). While maintaining financial equilibrium, the liquidity mainly was used as follows: i) to meet reserve requirements; ii) to carry out repurchase transactions with Italian government securities as collateral and iii) to invest in Italian government bonds.
As of 1 January 2015, the Ministry for the Economy and Finance transferred management to CDP of the Government Securities Amortisation Fund, formerly managed by the Bank of Italy; deposits held in the fund at 30 June 2015 amounted to approx. €2.6 billion. The amount of the fund is entirely earmarked for repo trading and the purchase of short-term government securities.

Within the context of management and coordination activities, following the issue by the parent company of guidelines which envisage, inter alia, the possible centralisation of treasury, irregular deposit arrangements continued between CDP and its subsidiaries. The stock of deposits at 30 June 2015 totalled €7.4 billion, showing substantially no change compared to the end 2014 figure; the amount includes around €3.4 billion in deposits by FSI, around €2.0 billion in deposits by SACE, around €1 billion in deposits by Fintecna and smaller amounts deposited by CDP RETI and IQ.

The amounts to be disbursed constitute the part of the loans granted that have not yet been taken up by the beneficiaries, whose disbursement is subject to progress with the investments financed. Total amounts to disburse at 30 June 2015 totalled approx. €6 billion, showing substantially no change on the end 2014 figure as amounts to disburse on new loans offset amounts disbursed in the period.

BOND FUNDING

The table below shows CDP's overall position in terms of stock of funding represented by bonds at 30 June 2015, compared with 31 December 2014.

Stock of funding represented by securities

(millions of euros)

	30-06-15	31-12-14	% change
EMTN programme	9,114	8,900	2.4%
- Securities issued	*9,134*	*8,922*	*2.4%*
- of which Separate Account	*5,555*	*5,305*	*4.7%*
- of which Ordinary Account	*3,579*	*3,617*	*-1.0%*
- IAS/IFRS adjustment	*(21)*	*(22)*	*-5.4%*
Retail bond	1,482	0	*n/s*
- Securities issued	*1,500*	*0*	*2.4%*
- IAS/IFRS adjustment	*(18)*	*0*	*-5.4%*
Commercial paper	315	511	-38.4%
Total stock of funding represented by securities	**10,910**	**9,411**	**15.9%**

With reference to medium-long-term funding through the Euro Medium Term Notes (EMTN) programme, in the first half of 2015 new issues were made for a total nominal amount of €1 billion, of which €250 million was raised for the Separate Account and €750 million was raised for the Ordinary Account.

With a view to diversifying funding streams earmarked for projects of public interest, in March CDP issued its first retail bonds, raising €1.5 billion after an initial offer of €1 billion.

The characteristics of the issues carried out in the first half of the year are shown in the table below.

Flow of medium/long-term funding

(millions of euros)

EMTN programme	Date of issue / funding	Nominal value	Financial characteristics
Issue (maturity date 26-Jan-2018)	5-feb-15	250	FR 1.000%
Issue (maturity date 09-Apr-2025)	9-apr-15	750	FR 1.500%
Total		**1,000**	
- Of which under the Separate Account		250	
- Of which under the Ordinary Account		750	

(millions of euros)

Retail bond	Date of issue / funding	Nominal value	Financial Characteristics
Issue (maturity date 20-Mar-2022)	20-mar-15	1,500	FR 1.75% (first 2 years) VR EUR3M + 0.50% (from third year)
Total		**1,500**	
- Of which under the Separate Account		1,500	
- Of which under the Ordinary Account		-	

In May 2015, CDP launched a new Debt Issuance Programme (DIP) of medium-long-term bond issues for a total maximum amount of €10 billion, under which CDP will issue future bonds, thus further expanding bond issue opportunities and the range of investors they potentially can reach.

With regard to short-term funding, the stock of funds under the Multi – Currency Commercial Paper Programme at 30 June 2015 came to approx. €0.3 billion.

POSTAL FUNDING

At 30 June 2015, the total stock of postal savings, including passbook savings accounts and savings bonds pertaining to CDP, came to €253,514 million, compared with €252,038 million at 31 December 2014, an increase of about 0.6%.

More specifically, the carrying amount of postal passbook savings accounts reached €116,957 million, while savings bonds, which are measured at amortised cost, came to €136,557 million.

Stock of postal savings

(millions of euros)

	30-06-15	31-12-14	% change
Passbook savings accounts	116,957	114,359	2.3%
Postal savings bonds	136,557	137,679	-0.8%
Total	**253,514**	**252,038**	**0.6%**

Higher postal funding was due to interest accrued on postal savings bonds, despite the net outflow of funds for CDP.

Postal savings constitute a major component of household savings. In the first months of 2015, the weight of postal savings on total household financial assets in the form of bank deposits (current accounts, deposits and bonds), asset management, government securities and life insurances decreased slightly compared to 2014, and stood at 14.2% at March 2015.

In terms of net funding flows, passbooks in the first half of 2015 posted a net inflow of +€2,333 million, up 68% on the funding figure of +€1,387 million for the first half of the previous year. Higher inflows were driven by positive performance of the various versions of the SMART passbook account, which in the first half of the year raised a net +€6,742 million, bringing the total balance up to approx. €42,897 million (37% of total passbook stock). As a result, at June 2015, the stock of ordinary registered passbook accounts, although continuing to be the main component of the entire stock of passbook accounts (60%), fell by 6%.

The following table shows a breakdown of net funding from passbooks, by product type.

Passbook savings accounts - Net funding

(millions of euros)

	Deposits	Withdrawals	Net funding 1st Half 2015	Net funding 1st Half 2014
Registered passbook accounts	50,038	47,701	2,337	1,395
- Ordinary	*33,069*	*37,561*	*-4,492*	*-6,578*
- Ordinary SMART	*16,417*	*9,675*	*6,742*	*7,777*
- Time deposits	*-*	*0.01*	*-0.01*	*-0.02*
- Minors	*375*	*259*	*116*	*174*
- Judicial	*177*	*201*	*-24*	*22*
- Judicial Time deposits	*-*	*5*	*-5*	*-*
Bearer passbook accounts	1	6	-4	-8
- Ordinary	*1*	*6*	*-4*	*-8*
- Time deposits	*-*	*0.001*	*-0.001*	*-0.003*
Total	**50,039**	**47,707**	**2,333**	**1,387**

Note: The net funding figures include transfers between passbooks

Passbook savings accounts

(millions of euros)

	31-12-14	Net funding	Reclassification and adjustments	Interest 01/01/2015-30/06/2015	Withholdings	30-06-15
Registered passbook accounts	114,305	2,337	0	266	-0.4	116,908
- Ordinary	*74,228*	*-2,053*	*-2,438*	*57*	*-0.3*	*69,792*
- Ordinary SMART	*35,972*	*4,218*	*2,524*	*183*	*-0.1*	*42,897*
- Time deposits	*4*	*-0.01*	*-*	*-0.002*	*0.001*	*4*
- Minors	*3,020*	*202*	*-86*	*23*	*-0.01*	*3,158*
- Judicial	*600*	*-24*	*-*	*0.4*	*-0.01*	*577*
- Judicial Time deposits	*482*	*-5*	*-*	*3*	*0.0*	*480*
Bearer passbook accounts	54	-4	-	0.002	0.0	49
- Ordinary	*53*	*-4*	*-*	*0.002*	*-0.0*	*49*
- Time deposits	*0.5*	*-0.001*	*-*	*-*	*-*	*0.5*
Total	**114,359**	**2,333**	**0**	**266**	**-0.4**	**116,957**

The stock of postal bonds came to €136,557 million at 30 June 2015, an overall drop of 0.8% on 2014 due to the negative performance of net funding, which was only partially offset by interest accrued over the reporting period.

The stock figures for bonds also include transaction costs resulting from the application of the IAS/IFRS, consisting of the distribution commissions for all types of bonds issued since 2007 until 31/12/2010. The item “premiums accrued on postal bonds” includes the stand alone value of the options embedded in bonds indexed to a basket of shares.

Postal savings bonds - CDP stock

(millions of euros)

	31/12/2014	Net funding	Pertaining to	Withholdings	Transaction costs	Premiums accrued on postal bonds	30/06/2015
Ordinary bonds	67,432	-1,314	1,166	-43	6	-	67,248
Fixed-term bonds	249	-17	0.05	-1	-	-	231
Indexed bonds	1,019	-321	9	-4	-	33	736
BFPPremia bonds	3,488	-458	38	-9	-	59	3,118
Inflation indexed bonds	14,918	-172	123	-8	-	-	14,861
Bonds for minors	4,970	127	94	-2	-	-	5,188
18-Month bonds	1,289	-131	2	-1	-	-	1,160
18-Month Plus bonds	87	-46	0.01	-0.1	-	-	41
BFP3x4 bonds	17,460	213	291	-1	-	-	17,962
7Insieme bonds	1,326	-45	23	-	-	-	1,304
3-Year bonds	9,271	-2,337	149	-30	-	-	7,053
2-year Plus bonds	478	-419	1	-2	-	-	58
BFP Fedeltà bonds	7,090	-146	77	-0.2	-	-	7,021
BFP Fedeltà 3x4 bonds	3,920	250	58	-	-	-	4,228
BFP Renditalia bonds	466	-32	1	-0.05	-	-	435
BFP Europa bonds	1,248	705	8	-0.1	-	-4	1,957
BFP Impresa bonds	41	-18	0.1	-0.05	-	-	22
BFP RisparmiNuovi bonds	1,216	-45	11	-0.05	-	-	1,183
BFP Eredità Sicura bonds	62	5	0.4	-0.002	-	-	68
BFP 3X4RisparmiNuovi bonds	1,649	334	20	-	-	-	2,003
BFP4x4 bonds	-	156	1	-	-	-	157
BFP4x4 Fedeltà bonds	-	341	0.3	-	-	-	342
BFP 4X4RisparmiNuovi bonds	-	181	0.5	-	-	-	182
Total	**137,679**	**-3,189**	**2,074**	**-101**	**6**	**88**	**136,557**

Note: Transaction costs include the amortisation of the adjustment of commissions for 2007-2010

Subscriptions of postal savings bonds in the first half of 2015 totalled €5,059 million, showing a drop of 11% on 2014. The types of savings bonds that posted the highest subscription volumes were the following: Italian Inflation-Linked Bonds (17% of total subscriptions), Europe Bonds (16%), 3x4 Bonds (13%) and Ordinary Bonds (11%).

Efforts to expand the range of postal products offered by CDP to savers saw the introduction in the first half of the year of the 4x4 Bond and two associated postal bonds, the 4x4 Fidelity bond and the 4x4 New Savings bond, which respectively replaced the 3x4 Fidelity and 3x4 New Savings bonds.

For reasons connected with the optimisation of the product range offered, the Enterprise Bond can no longer be subscribed as of the reporting date.

Postal savings bonds - CDP net funding

(millions of euros)

	Subscriptions	Repayments	Net funding 1st Half 2015	Net funding 1st Half 2014	% change
Ordinary bonds	531	1,845	-1,314	-1,726	-23.9%
Fixed-term bonds	0.1	17	-17	-24	-27.5%
Indexed bonds	-	321	-321	-995	-67.7%
BFPPremia bonds	-	458	-458	-200	129.3%
Inflation indexed bonds	876	1,048	-172	114	n/s
Bonds for minors	260	133	127	198	-35.8%
18-Month bonds	317	447	-131	-194	-32.6%
18-Month Plus bonds	-	46	-46	-484	-90.5%
BFP3x4 bonds	647	434	213	1,478	-85.6%
7Insieme bonds	0.04	45	-45	123	n/s
3-Year bonds	188	2,525	-2,337	-142	n/s
2-year Plus bonds	-	419	-419	-913	-54.1%
BFP Fedeltà bonds	-	146	-146	266	n/s
BFP Fedeltà 3x4 bonds	338	89	250	150	65.9%
BFP Renditalia bonds	-	32	-32	97	n/s
BFP Europa bonds	797	92	705	306	130.6%
BFP Impresa bonds	6	24	-18	7	n/s
BFP RisparmiNuovi bonds	-	45	-45	166	n/s
BFP Eredità Sicura bonds	9	4	5	10	-48.3%
BFP 3X4RisparmiNuovi bonds	391	57	334	67	397.9%
BFP4x4 bonds	162	6	156	-	n/s
BFP4x4 Fedeltà bonds	350	9	341	-	n/s
BFP 4X4RisparmiNuovi bonds	187	6	181	-	n/s
Total	**5,059**	**8,248**	**-3,189**	**-1,694**	**88.3%**

Net CDP funding from savings bonds came to a negative €3,189 million, compared to net negative funding in 2014 (€1,694 million). This result is mainly due to the high volume of redemptions coinciding with the high number of maturities in the first half of 2015, mainly for the 3.50 Bond and the 3 Year Plus Bond, which were only partially offset by reinvestment in new bonds. For bonds pertaining to the MEF, on the other hand, redemptions came to €2,753 million, down compared with 2014 (€3,042 million). As a result, total net redemptions of savings bonds (both CDP and MEF) at 30 June 2015 came to -€5,943 million, compared with net redemptions of -€4,736 million in the same period of 2014.

Postal savings bonds - Total net funding (CDP+MEF)

(millions of euros)

	CDP net funding	MEF repayments	Net funding 1st Half 2015	Net funding 1st Half 2014	% change
Ordinary bonds	-1,314	2,374	-3,688	-4,621	-20.2%
Fixed-term bonds	-17	380	-397	-171	131.5%
Indexed bonds	-321	-	-321	-995	-67.7%
BFPPremia bonds	-458	-	-458	-200	129.3%
Inflation indexed bonds	-172	-	-172	114	n/s
Bonds for minors	127	-	127	198	-35.8%
18-Month bonds	-131	-	-131	-194	-32.6%
18-Month Plus bonds	-46	-	-46	-484	-90.5%
BFP3x4 bonds	213	-	213	1,478	-85.6%
7Insieme bonds	-45	-	-45	123	n/s
3-Year bonds	-2,337	-	-2,337	-142	n/s
2-year Plus bonds	-419	-	-419	-913	-54.1%
BFP Fedeltà bonds	-146	-	-146	266	n/s
BFP3x4 Fedeltà bonds	250	-	250	150	65.9%
BFP Renditalia bonds	-32	-	-32	97	n/s
BFP Europa bonds	705	-	705	306	130.6%
BFP Impresa bonds	-18	-	-18	7	n/s
BFP RisparmiNuovi bonds	-45	-	-45	166	n/s
BFP Eredità Sicura bonds	5	-	5	10	-48.3%
BFP 3X4RisparmiNuovi bonds	334	-	334	67	397.9%
BFP4x4 bonds	156	-	156	-	n/s
BFP4x4 Fedeltà bonds	341	-	341	-	n/s
BFP 4X4RisparmiNuovi bonds	181	-	181	-	n/s
Total	**-3,189**	**2,753**	**-5,943**	**-4,736**	**25.5%**

If passbook savings accounts are also considered, total net redemptions (CDP+MEF) come to €3,610 million, compared to the negative net funding figure of -€3,349 million posted in the first half of 2014. Of particular note is the fact that the overall net redemptions on savings bonds (CDP + MEF) were only partially offset by the positive net funding from passbooks.

Total net postal savings funding (CDP+MEF)

(millions of euros)

	Net funding 1st Half 2015	Net funding 1st Half 2014	% change
Postal savings bonds	**-5,943**	**-4,736**	**25.5%**
- of which: pertaining to CDP	*-3,189*	*-1,694*	*88.3%*
- of which: pertaining to the MEF	*-2,753*	*-3,042*	*-9.5%*
Passbook savings accounts	2,333	1,387	68.2%
CDP net funding	-857	-306	179.5%
MEF net funding	-2,753	-3,042	-9.5%
Total	**-3,610**	**-3,349**	**7.8%**

5.2. COMPANIES SUBJECT TO MANAGEMENT AND COORDINATION

THE ACTIVITIES OF CDPI SGR

In the first half of 2015 CDPI SGR continued operation of the FIA and the FIV vehicles.

As concerns the investing activities of FIA, in the first half of the year the Board of Directors of CDPI SGR approved subscriptions totalling approx. €132 million, bringing the total value of approved subscriptions since the launch of the fund to €1.54 billion (equal to around 76% of total fund assets), invested in 27 different real estate funds. On April 2015 the Board of Directors of CDPI SGR approved the 2015 Fund Planning Document ("DPF"). The FIA management rules set out that investments in the target funds are to be achieved by 2017, namely the end of the period to call up the FIA subscription commitments. The strategic guidelines set out in the DPF require that the operations be focused on the completion of the approval activities and specifically on the support to local asset management companies, while ensuring respect for their independence in operations, to expedite and make their investments more effective.

As concerns the fund management of FIV, in the first half of the year the DPF for 2015 was approved and building, land and energy registration commenced for new properties acquired at the end of 2014 from central government and other government agencies, with services provided by the property managers CDP Immobiliare and Revalo. At the same time, disposals were made of properties deemed marketable and with the greatest sales potential (and thus grouped in the "active marketing" cluster, as defined by the SGR's marketing policies), along with other assets for which spontaneous expressions of interest were received. Disposal procedures were also commenced for four properties owned by FIV and located in Milan to be sold as a single lot, together with another two assets held by CDP Immobiliare, with a view to placing the portfolio on the market for institutional investors. At 30 June 2015 the real estate portfolio of FIV Comparto Plus consisted of 4 properties with a market value of approx. €25 million, while the Comparto Extra portfolio comprised 65 properties for a market value of €686 million.

With regard to the "Fondo Investimenti per il Turismo" (FIT), set up in July 2014, at 30 June 2015 the investment fund was still not operative. Over the remainder of the year it will be decided whether to redevelop a series of properties held by the FIV for the tourism–hospitality sector, potentially through their transfer to the FIT.

CDP IMMOBILIARE ACTIVITIES

CDP Immobiliare continued in its activities of bringing its real estate development initiatives to market, implemented both directly and via portfolio companies. During the year, real estate properties continued to be placed on the real estate market.

In the first half of 2015, significant values were achieved on some large property complexes, in particular:

- Former ICMI complex in Naples;
- Former Tobacco Manufacturing complex in Naples;
- Palazzo Litta in Milan.

The CDP Immobiliare activities are in addition to those of initiatives indirectly managed through partnerships, involving major urban redevelopment interventions.

CDP Immobiliare has adopted a strategy centred on the rationalisation of initiatives, with the focus placed on the most promising investments, while for real estate projects that are not able to guarantee an adequate return on investment, an exit strategy is identified and put to shareholders and banks.

In this context, and in an effort to overcome the standstill in business and inject new stimulus into its urban and commercial redevelopment plans, CDP Immobiliare acquired control of Alfiere S.p.A. in April 2015 by exercising an option to purchase 50% of the equity interest held by Progetto Alfiere. An agreement was then reached with Telecom Italia (TI), which provided for the acquisition by TI of a 50% equity interest in Alfiere and a future lease on the property denominated “Torri dell’Eur”, owned by Alfiere S.p.A., for its use as new TI headquarters.

In relation to the partnership with Invitalia S.p.A. for the joint ownership of Italia Turismo S.p.A. (58% Invitalia S.p.A., 42% CDP Immobiliare S.r.l.), an agreement was reached to end the partnership arrangement. As a result, CDP Immobiliare ceded its 42% equity interest in Italia Turismo to Invitalia for the reacquisition by CDP Immobiliare of the properties which originally had been assigned to the investee Italia Turismo.

FSI ACTIVITIES

During the first half of 2015, FSI continued its market analysis and monitoring for potential investment opportunities, while consolidating its positioning on the Italian equity investment market as one of the leading players in terms of capital, pipeline and execution capacity.

Key initiatives concluded by FSI and its subsidiaries over the first half of 2015 are reported below.

- FSI and FSI Investimenti invested new capital in March 2015 in the company Rocco Forte Hotels, raising the share capital of the latter by 23% (11.5% each), for a total investment of GBP 60 million (approx. equal to €82 million).
- Between December 2014 and January 2015, FSIA Investimenti was further capitalised by FSI Investimenti through the payment of approx. €18 million into a shareholder investments reserve, representing part of the consideration (amount payable at closing) due for the acquisition of an additional 7.64% interest in SIA. As a result of the acquisition, the equity interest held by FSIA in SIA rose to 49.895%.
- Following the merger of Kedrion Group into Kedrion and the related cancellation of treasury shares held by Kedrion Group, and the subsequent raising of new share capital contributed by Sestant, FSI held a 25.06% equity interest in Kedrion (held through FSI Investimenti) at 30 June 2015.
- Metroweb Group is pushing ahead with key investments in the optic fibre networks in the cities of Milan, Bologna and Turin.
- In the first half of 2015, Ansaldo Energia moved ahead with the start-up of a joint venture with Shanghai Electric Company and with the integration of Nuclear Engineering Services, involving the joint definition of a combined product portfolio. On 24 April 2015, Ansaldo Energia subscribed a senior unsecured bond issue for a total amount of €350 million with a fixed return of 2.875%, redeemable in a single payment upon maturity in 5 years' time (bullet bond). On 27 April 2015, a loan agreement was signed with a pool of banks (Banca IMI, Banco Santander, BNP Paribas, Commerzbank, Crédit Agricole, HSBC, Standard Chartered and UniCredit) for revolving credit facilities amounting to €400 million.

- In the first half of 2015, Valvitalia continued its strategy of expanding the product portfolio through the acquisition of Eusebi, a company registered in Ancona that manufactures fire protection systems for the shipbuilding, civil engineering, railway and oil industries.
- In the first half of 2015, business development strategies for SIA continued with the support of new shareholders, focused on (i) the launch of innovative new payment services for the e-cash sector; (ii) the development of a roadmap of products for general government, including the start-up of a unified national platform linking government, business and the community; (iii) the identification of acquisition opportunities; (iv) the adoption of IFRS to prepare for the company's public listing. In this regard, the company has joined the ELITE programme promoted by Borsa Italiana.
- In the first half of 2015, the Trevi Group was awarded a number of foreign contracts, confirming the group's leading international position. Specifically in the first half of 2015, sustained growth was seen in orders placed in the Construction sector, with major contracts acquired in Asia, the Middle East, West Africa and the United States. In the Oil & Gas sector, despite stagnant demand for production facilities as a result of the low oil price, the subsidiary Drillmec managed to keep a stable portfolio. The share price of Trevifin stock dropped over the first half of 2015, falling below the carrying amount of the shares, thereby indicating their impairment. Accordingly, FSI determined the recoverable amount of its Trevifin shares and recognised an impairment loss on the equity investment of €14.2 million so as to align the carrying amount of the investment to its recoverable amount.
- In June 2015, FSI concluded the divestment of its 4.48% equity interest in Generali (1.91% was disposed of in July 2014 through an accelerated bookbuild and 2.57% was disposed of in the first half of 2015 through the exercise of the physical settlement option included in the forward contracts purchased in the first half of 2014 to hedge price risk). Under the bylaws of FSI, the disposal of the Generali shares triggered an option to withdraw for the Bank of Italy. On 23 June 2015, the Bank of Italy announced to FSI that it intended to exercise the option on the entire equity interest held, consisting of preference shares.

THE ACTIVITIES OF THE FINTECNA GROUP

LIQUIDATION ACTIVITIES

Liquidation activities for assets assigned by law, formerly belonging to EFIM, Italtrade, dissolved public bodies and the Sir Committee, continued over the course of the first half of 2015, managed by the special purpose entities Ligestra S.r.l., Ligestra Due S.r.l., and Ligestra Tre S.r.l. in accordance with the liquidation guidelines provided, as the assets pertain to the special funds created from the former balance sheets of the entities.

With specific reference to Ligestra S.r.l., in the first half of 2015 work continued on the rehabilitation of sites belonging to the former EFIM Group.

With reference to former Italtrade assets, following the full liquidation of the company in 2014, advances granted for their acquisition were repaid to the shareholder. At the end of the first half of 2015, auditing commenced to determine the effective financial outcome, in accordance with Law 296/2006.

With specific reference to Ligestra Due S.r.l., operations continued over the period for the sale of the properties assigned to it.

On 22 May 2015, a transaction was concluded for the transfer to Ligestra Tre S.r.l. of the 5% equity interest held by Fintecna in REL S.p.A., under liquidation, for a price of approx. €13 million. Given the completion of liquidation activities in the meantime, on 24 June 2015 REL was merged by incorporation into Ligestra Tre S.r.l. The merger is legally effective as of 1 July 2015, with the accounting effects backdated to 1 January 2015.

With reference to Ligestra Quattro S.r.l., liquidator for Cinecittà Luce S.p.A., in April the Ministry for Cultural Heritage and Tourism formally declared itself a debtor to Cinecittà Luce S.p.A. for a total amount payable of €21 million, equal to the negative equity posted in the last financial statements at 31 December 2014.

THE ACTIVITIES OF THE SACE GROUP

The share capital of SACE S.p.A. was reduced during the first half of the year via the repayment of approx. €799 million in capital. Previously, on 30 January 2015, SACE placed a perpetual subordinated bond totalling €500 million with institutional investors, paying an annual coupon of 3.875% for the first 10 years and a return for the following years indexed to the 10-year swap rate plus a spread of 318.6 basis points. The bonds can be redeemed by the issuer initially after 10 years and then at every subsequent coupon date.

The total risk exposure of SACE, calculated based on the loans and guarantees provided, rose to €39.3 billion in the first half of 2015, an increase of 4.2% compared to the end of 2014. Of that figure, 96.8% refers to the guarantee portfolio, while the remainder refers to the loan portfolio.

The portfolio held by SACE BT totalled €36.9 billion, showing a slight increase on the total exposure at the end of 2014 (+1.4%).

Total receivables of SACE FCT at 30 June 2015 amounted to €1.3 billion, down 10.5% compared with 31 December 2014.

(millions of euros)

Portfolio of loans and guarantees	**30/6/2015**	**31/12/2014**	**% change**
SACE	**39,276**	**37,700**	**4.2%**
Outstanding guarantees	38,007	36,494	4.1%
- principal	*32,843*	*31,440*	*4.5%*
- interest	*5,164*	*5,055*	*2.2%*
Loans	1,269	1,206	5.3%
SACE BT	**36,860**	**36,360**	**1.4%**
Short-term credit	6,941	7,560	-8.2%
Surety Italy	6,559	6,713	-2.3%
Other property damage	23,360	22,087	5.8%
SACE FCT	**1,344**	**1,501**	**-10.5%**
Outstanding receivables	1,344	1,501	-10.5%

Treasury of the SACE Group

The purpose of the financial operations of the SACE Group is to manage a range of risks through the application of asset-liability management methods. In doing so, the Group has successfully kept within the risk limits set for each of its subsidiaries and for each type of investment. Value-at-Risk models are used to measure capital requirements.

Stock of investments of financial resources

(millions of euros)

	30-06-15	**31-12-14**	**% change**
Cash and cash equivalents and other treasury investments	**3,013**	**3,138**	-4.0%
of which Equity investments and shares	642	598	7.4%
Debt securities	**2,604**	**2,575**	1.1%
Total	**5,617**	**5,713**	**-1.7%**

At 30 June 2015, the balance of cash and cash equivalents and other treasury investments of SACE was approx. €3 billion, consisting mainly of: (i) bank current accounts of approx. €225 million, (ii) fixed-term deposits of approx. €2.1 billion, (iii) equity investments and shares of approx. €642 million. The drop compared to 2014 was primarily driven by lower time deposits held with the parent company.

The overall balance of debt securities was €2.6 billion. Compared to 31 December 2014, the drop was due to the redemption and sale of government securities, which was more than offset by growth in bonds, following the subscription of new notes.

THE ACTIVITIES OF SIMEST

In the first half of 2015, SIMEST lent and managed assets of approx. €1.1 billion, showing a decrease of 26% compared to June 2014, essentially due to new lending through the Contributions Fund (Law 295/1973, article 3).

NEW LENDING, INVESTMENT AND MANAGED RESOURCES - SIMEST

(millions of euros)

Business lines	2015 1ST HALF	2014 1ST HALF	% change
Enterprises	**1,139**	**1,547**	**-26%**
Direct investment	33	26	27%
Venture Capital Fund	3	2	44%
Total equity	***37***	***28***	***28%***
Law 394/81 Fund (loans approved)	43	63	-31%
Law 295/73 Fund (deferred principal amount approved)	1,059	1,456	-27%
Total managed on behalf of central government	***1,102***	***1,519***	***-27%***
Total new lending, investment and managed resources	**1,139**	**1,547**	**-26%**

The activity of the Fund established by Law 295/1973 consists of:

- export credits, which are aimed at supporting sectors involved in the production of capital goods, that offer deferred payments for medium-long term supplies.
- equity investments in foreign companies, through the granting of interest subsidies on loans obtained for investments in venture capital enterprises abroad.

With reference to export credit operations, new credit for a total deferred principal amount of €1,033.9 million was approved in the first half of 2015, down 27% compared to the amount approved in the corresponding period of 2014

(€1,419 million) and equal to 44% of the entire amount approved for all of 2014 (€2,337 million).

The decrease was due to the drop in amounts approved in the supplier credit segment (-€344 million); this is turn was due to new regulations introduced by Circular 1/2015 and to the fact that new facilities were not opened to replace export credit facilities that were fully drawn down.

With reference instead to investments in foreign companies and businesses, compared to the first half of the previous year the number of approved transactions dropped by 25%, with subsidised loans falling by around 32% in value, as a result of the continuing economic recession.

ACTIVITIES OF OTHER COMPANIES SUBJECT TO MANAGEMENT AND COORDINATION

CDP GAS ACTIVITIES

In the first half of 2015, the company was primarily occupied with negotiations with SNAM to determine the adjustment of the consideration due under the agreement governing the contribution and transfer of the TAG equity investment held by CDP GAS to SNAM. The negotiations resulted in the payment of approx. €14 million by SNAM to CDP GAS by way of adjustment.

In the first quarter of 2015, in accordance with instructions from the parent, CDP, CDP GAS, in coordination with the relevant areas of the parent company, proceeded with a dribble-out programme for the sale on the stock exchange of 79,799,362 SNAM shares, equal to 2.28% of the share capital. As a result of the programme, CDP GAS now holds an equity investment in SNAM of 1.1%.

CDP RETI ACTIVITIES

In the first half of 2015, the company was primarily engaged in debt refinancing operations for existing loans and a new bond issue. Specifically, loan agreements dated 29 September 2014 provided a total of €1.5 billion in financing, of which €1 billion was provided through a Bridge Loan Facility and €500 million through a Term Loan Facility.

During the first half of the year the Bridge Loan Facility was fully repaid through (i) a €250 million increase in the Term Loan Facility, and (ii) the issue of €750 million in new bonds. The bonds are listed on the Irish stock exchange and were reserved to institutional investors, with a 7-year maturity and paying an annual coupon of 1.875%; the bonds were issued at a price of 99.909%.

Dividend income from subsidiaries in the first half of the year consisted of €254 million received from SNAM (2014 dividend) and €78 million from Terna (balance of the 2014 dividend). As concerns dividends paid to shareholders, on 29 May a total of €189 million was paid out in 2014 dividends (of which €112 million to CDP).

6. Outlook

As regards the outlook, in the second half of 2015 the Group's efforts will focus on lending, with a view to strengthening and stepping up support for infrastructure development, exports and the internationalisation of businesses. New lending, investment and managed resources by the Group is expected to continue in accordance with the objectives set in the 2013–2015 Business Plan.
In terms of funding, the parent will push ahead with the diversification process underway to boost direct access to capital markets, while keeping attention focused at the same time of postal deposits, which will continue to represent the group's main source of funding.

On the asset side, the stock of loans to customers and banks is expected to continue expanding more rapidly than lending forecast for the banking system as a whole, primarily due to the contribution of the parent company.

The decline in net interest income is expected to continue for the whole of 2015 as a result of the decrease in the spread between lending and funding resulting from market interest rates which remain at record lows also following the monetary policies adopted by the ECB. This, together with persistently low oil prices, which is limiting the dividends paid out by subsidiaries, could lead to lower earnings compared to the last two financial years; nevertheless, satisfactory results are expected.

The primary risks and uncertainties affecting results for 2015 consist of the uncertainty regarding the evolution of the demand and supply of credit to public entities, enterprises and households and the continued or further declining interest rates, already at record lows, with potential further decreases in the Treasury current account interest rate. The possibility that the market prices or reference values of equity investments held by CDP may perform poorly, may make it necessary for adjustments to be made. Moreover, given the possibility of an unforeseen rise in interest rates, there is a risk of an increase in the early redemption of postal savings bonds and replacement with newly issued bonds, a shift that could slightly raise funding costs.

Rome, 3 August 2015

The Chairman
Claudio Costamagna

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2015

FORM AND CONTENT OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2015

The condensed consolidated interim financial statements at 30 June 2015 have been prepared in compliance with the applicable regulations and are composed of:

- **CONSOLIDATED BALANCE SHEET**
- **CONSOLIDATED INCOME STATEMENT**
- **STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME**
- **STATEMENT OF CHANGES IN CONSOLIDATED EQUITY**
- **CONSOLIDATED CASH FLOW STATEMENT**
- **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.**

CONSOLIDATED FINANCIAL STATEMENTS

AT 30 JUNE 2015

Consolidated balance sheet

Consolidated income statement

Statement of consolidated comprehensive income

Statement of changes in consolidated equity

Consolidated cash flow statement

(thousands of euros)

CONSOLIDATED BALANCE SHEET

	Assets	30-06-15	31-12-14
10.	Cash and cash equivalents	686	689
20.	Financial assets held for trading	1,112,011	983,894
30.	Financial assets at fair value	186,613	156,497
40.	Financial assets available for sale	7,911,515	6,956,103
50.	Financial assets held to maturity	26,762,663	22,913,003
60.	Loans to banks	31,771,708	28,775,434
	- of which segregated asset pool	*284,264*	*315,158*
70.	Loans to customers	281,656,781	267,426,645
80.	Hedging derivatives	1,503,051	1,568,787
100.	Equity investments	19,822,843	19,471,749
110.	Reinsurers' share of technical provisions	315,719	84,670
120.	Property, plant and equipment	33,614,135	33,444,161
130.	Intangible assets	7,902,163	7,886,215
	of which:		
	- goodwill	669,704	712,094
140.	Tax assets	2,351,327	2,382,080
	a) current	1,092,844	1,113,244
	b) deferred	1,258,483	1,268,836
150.	Non-current assets and disposal groups held for sale	23,783	23,783
160.	Other assets	9,174,942	9,606,743
	Total assets	**424,109,940**	**401,680,453**

(thousands of euros)

CONSOLIDATED BALANCE SHEET

	Liabilities and equity	30-06-15	31-12-14
10.	Due to banks	21,576,358	21,808,880
	- of which secured by segregated asset pool	*300,000*	-
20.	Due to customers	318,305,479	296,256,685
30.	Securities issued	30,268,825	26,914,915
40.	Financial liabilities held for trading	450,370	398,819
60.	Hedging derivatives	1,114,449	2,639,110
70.	Adjustment of financial liabilities hedged generically (+/-)	44,839	47,922
80.	Tax liabilities	4,722,499	4,604,017
	a) current	562,189	354,364
	b) deferred	4,160,310	4,249,653
90.	Liabilities associated with assets held for sale	7,056	7,249
100.	Other liabilities	6,883,839	8,289,287
110.	Staff severance pay	246,093	262,480
120.	Provisions	2,763,509	2,999,293
	a) post-employment benefits	721	1,845
	b) other provisions	2,762,788	2,997,448
130.	Technical provisions	2,276,093	2,294,435
140.	Valuation reserves	1,851,136	1,232,089
170.	Reserves	15,911,265	15,538,120
190.	Share capital	3,500,000	3,500,000
200.	Treasury shares (-)	(57,220)	(57,220)
210.	Non-controlling interests (+/-)	13,811,525	13,786,065
220.	Net income (loss) for the year	433,825	1,158,307
	Total liabilities and equity	**424,109,940**	**401,680,453**

(thousands of euros)

CONSOLIDATED INCOME STATEMENT

	Items	30-06-15	30-06-14
10.	Interest income and similar revenues	3,067,573	3,759,824
20.	Interest expense and similar charges	(2,859,097)	(3,138,974)
30.	**Net interest income**	**208,476**	**620,850**
40.	Commission income	41,692	45,129
50.	Commission expense	(894,664)	(895,229)
60.	**Net commission income**	**(852,972)**	**(850,100)**
70.	Dividends and similar revenues	2,970	33,147
80.	Net gain (loss) on trading activities	287,976	(175,775)
90.	Net gain (loss) on hedging activities	816	(40,108)
100.	Gains (losses) on disposal or repurchase of:	377,136	251,368
	a) loans	19,167	47,463
	b) financial assets available for sale	357,959	203,905
	c) financial assets held to maturity	10	
110.	Net result on financial assets and liabilities at fair value	31,631	2,380
120.	**Gross income**	**56,033**	**(158,238)**
130.	Net impairment adjustments of:	8,717	(26,942)
	a) loans	833	(24,584)
	d) other financial transactions	(162)	(100)
	d) other financial transactions	8,046	(2,258)
140.	**Financial income (expense), net**	**64,750**	**(185,180)**
150.	Net premiums	217,713	253,621
160.	Net other income (expense) from insurance activities	(34,174)	168,287
170.	**Net result from financial and insurance activities**	**248,289**	**236,728**
180.	Administrative expenses	(2,975,012)	(2,660,190)
	a) staff costs	(855,735)	(784,790)
	b) other administrative expenses	(2,119,277)	(1,875,400)
190.	Net provisions	34,580	(19,360)
200.	Net adjustments of property, plant and equipment	(630,757)	(610,237)
210.	Net adjustments of intangible assets	(224,145)	(213,129)
220.	Other operating income (costs)	5,156,986	4,840,574
230.	**Operating costs**	**1,361,652**	**1,337,658**
240.	Gains (losses) on equity investments	111,654	539,681
250.	Gains (losses) on disposal of investments		
260.	Gains (losses) on equity investments		
270.	Gains (losses) on disposal of investments	553	1,190
280.	**Income (loss) before tax from continuing operations**	**1,722,148**	**2,115,257**
290.	Income tax for the period on continuing operations	(594,206)	(585,337)
300.	**Income (loss) after tax on continuing operations**	**1,127,942**	**1,529,920**
310.	Income (loss) after tax on disposal groups held for sale		112
320.	**Net income (loss) for the period**	**1,127,942**	**1,530,032**
330.	Net income (loss) for the period pertaining to non-controlling interests	694,117	568,199
340.	**Net income (loss) for the period pertaining to shareholders of the parent company**	**433,825**	**961,833**

The figures as at 30 June 2014 have been restated in accordance with the indications provided in "Accounting policies" - "General information" - Section 5 "Other issues".

(thousands of euros)

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

	Items	30-06-15	30-06-14
10.	**Income (loss) for the period**	**1,127,942**	**1,530,032**
	Other comprehensive income net of taxes not transferred to income statement		
20.	Property, plant and equipment		
30.	Intangible assets		
40.	Defined benefit plans	10,001	(9,774)
50.	Non-current assets held for sale		
60.	Share of valuation reserves of equity investments accounted for using equity method	2,155	(600)
	Other comprehensive income net of taxes transferred to income statement		
70.	Hedging of foreign investments		
80.	Exchange rate differences	64,448	12,690
90.	Cash flow hedges	5,918	14,948
100.	Financial assets available for sale	(351,904)	(79,347)
110.	Non-current assets held for sale		
120.	Share of valuation reserves of equity investments accounted for using equity method	931,381	131,689
130.	**Total other comprehensive income net of taxes**	**661,999**	**69,606**
140.	**Comprehensive income (items 10+130)**	**1,789,941**	**1,599,638**
150.	Consolidated comprehensive income pertaining to non-controlling interests	728,134	558,518
160.	**Consolidated comprehensive income pertaining to shareholders of the parent company**	**1,061,807**	**1,041,120**

The figures at 30 June 2014 have been restated in accordance with the indications provided in the General information - Section 5

(thousands of euros)

STATEMENT OF CHANGES IN EQUITY: CURRENT PERIOD

				Allocation of net income for previous year		Changes for the period											
							Equity transactions										
	Balance at 31.12.2014	Changes in opening balance	Balance at 1.1.2015	Reserves	Dividends and other allocations	Changes in reserves	Issues of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Change in equity interests	Comprehensive income at 30.06.2015	Equity at 30.06.2015	Equity at 30.06.2015 - Group	Equity at 30.06.2015 - Non-controlling interests
Share capital:																	
a) ordinary shares	7,609,007		7,609,007										86,180		7,695,187	3,500,000	4,195,187
b) preference shares	116,033		116,033												116,033		116,033
Share premium reserve	2,088,974		2,088,974	(67,122)									38,764		2,060,616		2,060,616
Reserves:																	
a) income	20,821,900		20,821,900	695,347		60,684							239,818		21,817,749	15,911,265	5,906,484
b) other	850,289		850,289	17,885		15,984							(234)		883,924		883,924
Valuation reserves	1,171,330		1,171,330			(23,700)								661,999	1,809,629	1,851,136	(41,507)
Equity instruments																	
Interim dividends	(98,699)		(98,699)	98,699													
Treasury shares	(60,440)		(60,440)					(109)							(60,549)	(57,220)	(3,329)
Income (loss) for the period	2,658,967		2,658,967	(744,809)	(1,914,158)									1,127,942	1,127,942	433,825	694,117
Total Equity	**35,157,361**		**35,157,361**		**(1,914,158)**	**52,968**		**(109)**					**364,528**	**1,789,941**	**35,450,531**	**21,639,006**	**13,811,525**
Equity Group	21,371,296		21,371,296		(852,636)	12,381							46,158	1,061,807	21,639,006		
Equity Non-controlling interests	13,786,065		13,786,065		(1,061,522)	40,587		(109)					318,370	728,134	13,811,525		

(thousands of euros)

STATEMENT OF CHANGES IN EQUITY: PREVIOUS PERIOD

	Balance at 31.12.2014	Changes in opening balance	Balance at 1.1.2014	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations	Changes for the period: Changes in reserves	Equity transactions: Issues of new shares	Equity transactions: Purchase of own shares	Equity transactions: Special dividend distribution	Equity transactions: Changes in equity instruments	Equity transactions: Derivatives on own shares	Equity transactions: Stock options	Equity transactions: Change in equity interests	Comprehensive income at 30.06.2014	Equity at 30.06.2014	Equity at 30.06.2014 - Group	Equity at 30.06.2014 - Non-controlling interests
Share capital:																	
a) ordinary shares	7,369,534		7,369,534										4,974		7,374,508	3,500,000	3,874,508
b) preference shares	116,033		116,033												116,033		116,033
Share premium reserve	951,724		951,724			1,552							4,354		957,630		957,630
Reserves:																	
a) income	18,737,977		18,737,977	1,689,907		(7,747)							14,611		20,434,748	14,854,489	5,580,259
b) other	666		666			2,989							(2,268)		1,387	156,819	(155,432)
Valuation reserves	40,234		40,234			5,254								69,606	115,094	66,081	49,013
Equity instruments																	
Interim dividends	(335,241)		(335,241)	335,241													
Treasury shares	(62,104)		(62,104)					1,551							(60,553)	(57,220)	(3,333)
Income (loss) for the period	3,424,633		3,424,633	(2,025,148)	(1,399,485)									1,530,032	1,530,032	961,833	568,199
Total Equity	**30,243,456**		**30,243,456**		**(1,399,485)**	**2,048**		**1,551**					**21,671**	**1,599,638**	**30,468,879**	**19,482,002**	**10,986,877**
Equity Group	19,295,290		19,295,290		(852,637)	(141)							(1,630)	1,041,120	19,482,002		
Equity Non-controlling interests	10,948,166		10,948,166		(546,848)	2,189		1,551					23,301	558,518	10,986,877		

The figures at 30 June 2014 have been restated in accordance with the indications provided in the General information - Section 5 "Other issues"

(thousands of euros)

CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD)

	30-06-15	30-06-14
A. OPERATING ACTIVITIES		
1. Operations	**1,050,588**	**3,425,891**
- net income for the year (+/-)	1,127,942	1,530,032
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	(170,458)	138,607
- gains (losses) on hedging activities (-/+)	(1,832)	39,269
- net impairment adjustments (+/-)	22,950	35,146
- net value adjustments to property, plant and equipment and intangible assets (+/-)	854,325	818,275
- net provisions and other costs/revenues (+/-)	(34,580)	38,144
- net premiums not collected (-/+)	(6,731)	(102,337)
- other insurance income/charges not collected (-/+)	(91,343)	(369,884)
- unpaid taxes and duties (+)	(78,990)	(174,700)
- writedowns/writebacks of equity investments (+/-)	(132,314)	(490,357)
- other adjustments (+/-)	(438,381)	1,963,696
2. Cash generated by/used in financial assets	**(11,709,031)**	**(14,371,676)**
- financial assets held for trading	10,716	1,159,913
- financial assets at fair value	1,515	(150,200)
- financial assets available for sale	(1,307,316)	1,509,938
- loans to banks: on demand		
- loans to banks: other	(2,470,422)	(12,192,622)
- loans to customers	(8,211,015)	(4,912,796)
- other assets	267,491	214,091
3. Cash generated by/used in financial liabilities	**22,738,458**	**23,861,122**
- due to banks: on demand		
- due to banks: other	(265,002)	(2,115,892)
- due to customers	22,047,414	24,156,431
- securities issued	3,412,607	3,080,854
- financial liabilities held for trading	51,551	(96,351)
- financial liabilities at fair value		
- other liabilities	(2,508,112)	(1,163,920)
Cash generated by/used in operating activities	**12,080,015**	**12,915,337**
B. INVESTING ACTIVITIES		
1. Cash generated by	**19,966,679**	**6,543,258**
- sale of equity investments	156,608	
- dividends from equity investments	652,996	591,837
- sale of financial assets held to maturity	19,131,611	5,940,000
- sale of property plant and equipment	2,291	10,557
- sale of intangible assets	102	864
- sale of subsidiaries and business units	23,071	
2. Cash used in	**(23,710,431)**	**(11,032,940)**
- purchase of equity investments	(177,498)	(207,689)
- purchase of financial assets held to maturity	(22,455,752)	(9,744,277)
- purchase of property, plant and equipment	(905,275)	(830,261)
- purchase of intangible assets	(166,672)	(180,745)
- purchase of subsidiaries and business units	(5,234)	(69,968)
Cash generated by/used in investing activities	**(3,743,752)**	**(4,489,682)**
C. FINANCING ACTIVITIES		
- issue/purchase of own shares	(109)	1,889
- issue/purchase of capital instruments		
- dividend distribution and other allocations	(1,914,158)	(1,551,660)
Cash generated by/used in financing activities	**(1,914,267)**	**(1,549,771)**
CASH GENERATED/USED DURING THE PERIOD	**6,421,996**	**6,875,884**

RECONCILIATION

Items *		
Cash and cash equivalents at beginning of period	**150,635,271**	**138,944,689**
Total cash generated/used during the period	6,421,996	6,875,884
Cash and cash equivalents at end of period	**157,057,267**	**145,820,573**

The figures at 30 June 2014 have been restated in accordance with the indications provided in "Accounting policies" - "General information" - Section 5 "Other issues".

(*) The cash and cash equivalents reported in the cash flow statement comprise the balance of item 10 “Cash and cash equivalents”, the balance on the current account held with the Central State Treasury, which is reported under item 70 “Loans to customers” and the positive balance of the bank current accounts reported under item 60 “Loans to banks” net of current accounts with a negative balance reported under item 10 “Due to banks” under liabilities.

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(CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2015)

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INTRODUCTION

STRUCTURE AND CONTENT OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been prepared in accordance with international accounting standards, specifically IAS 34, which establishes the minimum content and preparation rules for interim financial reports.

The condensed consolidated interim financial statements are expressed in thousands of euros and include the consolidated balance sheet, the consolidated income statement, the statement of consolidated comprehensive income, the statement of changes in consolidated equity, the consolidated cash flow statement and these explanatory notes to the financial statements, as well as the directors' interim report on Group operations.

The condensed consolidated interim financial statements at 30 June 2015 present a clear, true and fair view of the performance and financial position for the period. The figures reported in the statements correspond with the company's accounting records and fully reflect the transactions conducted during the period.

BASIS OF PRESENTATION

The financial statements and the tables in the explanatory notes are expressed in thousands of euros unless otherwise specified.

Accounts with zero balances for both the current and prior period have been excluded. In the income statement, revenues are indicated as positive numbers, while costs are shown as negative numbers (in brackets).

The figures in the explanatory notes to the financial statements have been rounded to the nearest thousand. The rounded totals for the various figures are obtained by summing the rounded balances of the items making up such totals.

The cash and cash equivalents reported in the cash flow statement comprise the balance of item 10 "Cash and cash equivalents" of the balance sheet, the balance on the current account held with the Central State Treasury reported under item 70 "Loans to customers" and the positive balance on bank accounts reported under item 60 "Loans to banks", net of current accounts with a negative balance reported under item 10 "Due to banks" of liabilities.

COMPARISON AND DISCLOSURE

The financial statements comply with the provisions of Bank of Italy circular 262/2005 as updated with the version of 22 December 2014 and, in accordance with IAS 34, contain the following comparative information in addition to the accounting data at 30 June 2015:

- balance sheet at 31 December 2014;
- income statement at 30 June 2014;
- statement of comprehensive income at 30 June 2014;
- statement of changes in equity at 30 June 2014;
- cash flow statement at 30 June 2014.

CDP SEGREGATED ASSET POOLS

Segregated KFW asset pool

On 29 October 2014, the Board of Directors of CDP approved the establishment of a special fund, called “KFW asset pool", exclusively intended to satisfy all current, potential and future rights and claims that Kreditanstalt für Wiederaufbau (KfW) has or will have with respect to CDP, in connection with the loan agreement entered into between CDP and KFW on 28 October 2014 involving a loan to CDP for a maximum amount of €300 million. This funding will be used to finance small and medium Italian enterprises (SMEs) through the banking system and as part of the Separate Account.

CDP has allocated certain claims against banks to this segregated asset pool to which CDP has provided loans under the “Fourth Agreement" and the “Fifth Agreement” entered into between CDP and ABI on 1 March 2012 and 5 August 2014, respectively, in addition to the claims of these banks against SMEs, which were transferred to CDP as guarantee for the related loans.

The total outstanding principal of loans to banks, and the related loans to SMEs sold as guarantee, included in the “KFW asset pool” cannot exceed €345 million.

The segregated asset pool and the funding guaranteed by it are presented in the financial statements by a specific “of which” indication.

AUDITING OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The CDP Group condensed consolidated interim financial statements have undergone a limited audit by PricewaterhouseCoopers S.p.A. in execution of the shareholder resolution of 25 May 2011, which engaged this firm to audit the financial statements and accounts for the period 2011-2019.

ACCOUNTING POLICIES

GENERAL INFORMATION

SECTION 1 - DECLARATION OF CONFORMITY WITH THE INTERNATIONAL ACCOUNTING STANDARDS

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards (IFRS/IAS) issued by the IASB (and related IFRIC and SIC interpretations) endorsed by the European Commission as of 30 June 2015. More specifically, the condensed consolidated interim financial statements have been prepared in compliance with the provisions of IAS 34 governing interim financial reporting. As permitted under this standard, CDP has elected to prepare a condensed report in place of the full reporting envisaged for the annual financial statements.
The schedules have been prepared in compliance with the Bank of Italy circular of 22 December 2005 as updated on 22 December 2014.
The condensed consolidated interim financial statements have been prepared adopting the same accounting standards and calculation methods used in the latest annual financial statements.

SECTION 2 - GENERAL PREPARATION PRINCIPLES

The financial statements have been prepared in accordance with the IFRSs issued by the IASB (including the SIC and IFRIC interpretations) endorsed by the European Commission pursuant to Regulation (EC) 1606 of 19 July 2002.

For the purposes of interpretation and to provide support in applying these standards, the following documents have also been considered, although they have not been endorsed by the European Commission:

- the *Framework for the Preparation and Presentation of Financial Statements* issued by the International Accounting Standards Board in 2001;
- *Implementation Guidance, Basis for Conclusions*, IFRIC interpretations, and any other documentation prepared by the IASB or IFRIC to supplement the IFRSs;

- Interpretation documents concerning the application of the IFRSs in Italy, prepared by the *Organismo Italiano di Contabilità* (Italian Accounting Board; OIC) and by the Italian Banking Association (ABI).

Where the information required by the IFRSs and the regulations of the Bank of Italy is deemed to be inadequate in presenting the company's financial standing in a true and fair manner, the explanatory notes to the financial statements also include supplemental information for such purpose.

The condensed consolidated interim financial statements have been prepared on an accruals and going-concern basis. The general principles of the materiality and significance of information and the prevalence of substance over form have also been taken into account.

Pursuant to the provisions of joint Bank of Italy/Consob/Isvap document no. 2 of 6 February 2009 and the subsequent Document no. 4 of 4 March 2010 concerning disclosures on business continuity and in compliance with the requirements on the same issue contained in IAS 1 Revised, the CDP Group has conducted an assessment of its ability to continue to operate as a going concern, considering all available information over a medium-term time horizon.
Based on an analysis of the information and the results achieved in previous years, the CDP Group feels that it is appropriate to prepare its financial statements on a going-concern basis.

No assets have been offset with liabilities, nor have revenues with costs, unless expressly required or allowed by the regulations issued by the Bank of Italy or by an accounting standard or a related interpretation.

In the tables shown in the notes to the financial statements, the figures under each item attributable to non-banking Group enterprises are shown only if they are significant.

USE OF ESTIMATES

The application of international accounting standards in preparing the consolidated financial statements requires the CDP Group to formulate estimates for certain balance sheet items that are considered reasonable and realistic on the basis of the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities and the disclosures on contingent assets and liabilities as of the reporting date, as well as the amounts reported for revenues and costs for the period under review.

Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on future results.

The main areas in which management is required to make subjective assessments are:

- the quantification of impairment losses on loans, equity investments and, in general, other financial assets;
- the assessment of the accuracy of the value of goodwill and other intangible assets;
- the use of valuation techniques to determine the fair value of financial instruments not quoted on an active market;
- the quantification of provisions for employees and provisions for liabilities and contingencies;
- the estimates and assumptions used in assessing the recoverability of deferred tax assets;
- the statistical and financial assumptions used in estimating repayment flows on postal savings products;
- the technical provisions of the insurance companies;
- the valuation of work in progress and of inventories of raw materials, semi-finished and finished goods.

The description of the accounting treatment used for the main financial statement items provides details on the main assumptions and assessments used in preparing the financial statements.

SECTION 3 - SCOPE AND METHODS OF CONSOLIDATION

Subsidiaries are consolidated on a line-by-line basis, while companies subject to joint control or significant influence are accounted for using the equity method. certain investments in subsidiaries in liquidation or subsidiaries in the start-up phase that do not contain any assets whose contribution to the condensed consolidated interim financial statements is not significant.

The financial statements of the subsidiaries used for line-by-line consolidation are those at 30 June 2015, as approved by their competent corporate bodies, adjusted as necessary to harmonise them with the Group accounting policies and reclassified on the basis of the formats established by the Bank of Italy in circular no. 262 of 22 December 2005, updated to 22 December 2014.

The following table reports the companies included in the scope of consolidation on a full line-by-line basis.

EQUITY INVESTMENTS IN SUBSIDIARIES

	Company name	Headquarters	Registered office	Type of relationship (1)	Equity investment		% of votes (2)
					Investor	% Holding	
1.	Aakre Eigendom AS	Alesund (Norway)	Alesund (Norway)	1	Vard Group AS	100.000%	100.000%
2.	ACAM GAS S.p.A.	La Spezia	La Spezia	1	SNAM S.p.A.	100.000%	100.000%
3.	ACE Marine LLC	Green Bay - WI	Green Bay - WI	1	Fincantieri Marine Group LLC	100.000%	100.000%
4.	Azienda Energia e Servizi Torino S.p.A.	Turin	Turin	1	SNAM S.p.A.	100.000%	100.000%
5.	Bacini di Palermo S.p.A.	Palermo	Palermo	1	Fincantieri S.p.A.	100.000%	100.000%
6.	Brevik Elektro AS	Brevik (Norway)	Brevik (Norway)	1	Multifag AS	100.000%	100.000%
7.	CDP GAS S.r.l.	Rome	Rome	1	CDP S.p.A.	100.000%	100.000%
8.	CDP Immobiliare S.r.l.	Rome	Rome	1	CDP S.p.A.	100.000%	100.000%
9.	CDP Investimenti SGR S.p.A.	Rome	Rome	1	CDP S.p.A.	70.000%	70.000%
10.	CDP Reti S.p.A.	Rome	Rome	1	CDP S.p.A.	59.100%	59.100%
11.	Centro per gli Studi di Tecnica Navale - CETENA S.p.A.	Genoa	Genoa	1	Fincantieri S.p.A.	71.100%	71.100%
					Seaf S.p.A.	15.000%	15.000%
12.	Delfi S.r.l.	Follo (SP - ITALY)	Follo (SP - ITALY)	1	Fincantieri S.p.A.	100.000%	100.000%
13.	Estaleiro Quissamã Ltda	Rio de Janeiro (Brazil)	Rio de Janeiro (Brazil)	1	Vard Group AS	50.500%	50.500%
14.	Faster Imaging AS	Lysaker (Norway)	Lysaker (Norway)	1	Seaonics AS	100.000%	100.000%
15.	Fincantieri Do Brasil Partecipacoes S.A	Rio de Janeiro (Brazil)	Rio de Janeiro (Brazil)	1	Fincantieri S.p.A.	80.000%	80.000%
					Fincantieri Holding B.V.	20.000%	20.000%
16.	Fincantieri Holding B.V.	Amsterdam (Netherlands)	Amsterdam (Netherlands)	1	Fincantieri S.p.A.	100.000%	100.000%
17.	Fincantieri India Private Limited	New Delhi (India)	New Delhi (India)	1	Fincantieri S.p.A.	1.000%	1.000%
					Fincantieri Holding B.V.	99.000%	99.000%
18.	Fincantieri Marine Group Holdings Inc.	Green Bay - WI	Green Bay - WI	1	Fincantieri USA Inc.	87.440%	87.440%
19.	Fincantieri Marine Group LLC	Washington, DC (USA)	Washington, DC (USA)	1	Fincantieri Marine Group Holdings Inc.	100.000%	100.000%
20.	Fincantieri Marine Systems North America Inc.	Chesapeake - VI (USA)	Chesapeake - VI (USA)	1	Fincantieri Holding B.V.	100.000%	100.000%
21.	Fincantieri OIL & GAS S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.000%	100.000%
22.	Fincantieri S.p.A.	Trieste	Trieste	1	Fintecna SpA	72.510%	72.510%
23.	Fincantieri SI S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.000%	100.000%
24.	Fincantieri USA Inc.	Washington, DC (USA)	Washington, DC (USA)	1	Fincantieri S.p.A.	86.020%	86.020%
25.	Fintecna SpA	Rome	Rome	1	CDP S.p.A.	100.000%	100.000%
26.	FIV Comparto Extra	Rome	Rome	4	CDP S.p.A.	100.000%	100.000%
27.	FIV Comparto Plus	Rome	Rome	4	CDP S.p.A.	100.000%	100.000%
28.	FMSNA YK	Nagasaki (Japan)	Nagasaki (Japan)	1	Fincantieri Marine Systems North America Inc.	100.000%	100.000%
29.	Fondo Strategico Italiano S.p.A.	Milan	Milan	1	CDP S.p.A.	77.700%	77.700%
					Fintecna SpA	2.300%	2.300%
30.	FSI Investimenti SpA	Milan	Milan	1	Fondo Strategico Italiano S.p.A.	77.120%	77.120%
31.	FSIA INVESTIMENTI Srl	Milan	Milan	1	FSI Investimenti SpA	100.000%	100.000%
32.	Gasrule Insurance Ltd	Dublin	Dublin	1	SNAM S.p.A.	100.000%	100.000%
33.	Gestione Bacini La Spezia S.p.A.	La Spezia	La Spezia	1	Fincantieri S.p.A.	99.890%	99.890%
34.	GNL Italia SpA	San Donato Milanese	San Donato Milanese	1	SNAM S.p.A.	100.000%	100.000%
35.	ICD Industries Estonia OÜ	Tallinn (Estonia)	Tallinn (Estonia)	1	Seaonics AS	100.000%	100.000%
36.	ICD Polska sp. z o.o.	Gdansk (Poland)	Gdansk (Poland)	1	Seaonics AS	100.000%	100.000%
37.	ICD Software AS	Alesund (Norway)	Alesund (Norway)	1	Seaonics AS	100.000%	100.000%
38.	Industrial Control Design AS	Alesund (Norway)	Alesund (Norway)	1	Seaonics AS	100.000%	100.000%
39.	Isotta Fraschini Motori S.p.A.	Bari	Bari	1	Fincantieri S.p.A.	100.000%	100.000%
40.	Italgas SpA	Turin	Turin	1	SNAM S.p.A.	100.000%	100.000%
41.	Marine Interiors S.p.A.	Trieste	Trieste	1	Seaf S.p.A.	100.000%	100.000%
42.	Marinette Marine Corporation	Marinette - WI	Marinette - WI	1	Fincantieri Marine Group LLC	100.000%	100.000%
43.	Monita Interconnector S.r.l.	Rome	Rome	1	Terna S.p.A.	95.000%	95.000%
					Terna Rete Italia S.p.A.	5.000%	5.000%
44.	Multifag AS	Skien (Norway)	Skien (Norway)	1	Vard Brevik Holding AS	100.000%	100.000%
45.	Napoletanagas SpA	Naples	Naples	1	Italgas SpA	99.690%	99.690%
46.	Piemonte Savoia S.r.l.	Rome	Rome	1	Terna Interconnector S.r.l.	100.000%	100.000%
47.	Residenziale Immobiliare 2004 S.p.A.	Rome	Rome	1	CDP Immobiliare S.r.l.	74.470%	74.470%
48.	SACE BT	Rome	Rome	1	SACE Spa	100.000%	100.000%
49.	Sace do Brasil	San Paolo (Brazil)	San Paolo (Brazil)	1	SACE S.p.A.	100.000%	100.000%

50.	SACE FCT	Rome	Rome	1	SACE Spa	100.000%	100.000%
51.	SACE Servizi	Rome	Rome	1	SACE BT	100.000%	100.000%
52.	SACE Spa	Rome	Rome	1	CDP S.p.A.	100.000%	100.000%
53.	Seaonics AS	Alesund (Norway)	Alesund (Norway)	1	Vard Group AS	51.000%	51.000%
54.	Seaonics Polska SP.Z O.O.	Gdansk (Poland)	Gdansk (Poland)	1	Seaonics AS	100.000%	100.000%
55.	Seastema S.p.A	Genoa	Genoa	1	Fincantieri S.p.A.	100.000%	100.000%
56.	SIA ICD Industries Latvia	Riga (Latvia)	Riga (Latvia)	1	Seaonics AS	100.000%	100.000%
57.	Simest SpA	Rome	Rome	1	CDP S.p.A.	76.005%	76.005%
58.	SNAM RETE GAS S.p.A.	San Donato Milanese	San Donato Milanese	1	SNAM S.p.A.	100.000%	100.000%
59.	SNAM S.p.A.	San Donato Milanese (MI - ITALY)	San Donato Milanese (MI - ITALY)	1	CDP GAS S.r.l.	1.120%	1.120%
					CDP Reti S.p.A.	28.980%	28.980%
60.	Società per l'Esercizio di Attività Fin	Trieste	Trieste	1	Fincantieri S.p.A.	100.000%	100.000%
61.	Stogit S.p.A.	San Donato Milanese (MI - ITALY)	San Donato Milanese (MI - ITALY)	1	SNAM S.p.A.	100.000%	100.000%
62.	Tamini Transformers USA L.L.C.	Chicago (USA)	Chicago (USA)	1	Tamini Trasformatori S.r.l.	100.000%	100.000%
63.	Tamini Trasformatori S.r.l.	Melegnano (MI)	Melegnano (MI)	1	Terna Plus S.r.l.	100.000%	100.000%
64.	Terna Chile S.p.A.	Santiago del Cile	Santiago del Cile	1	Terna Plus S.r.l.	100.000%	100.000%
65.	Terna Crna Gora d.o.o.	Podgorica (Montenegro)	Podgorica (Montenegro)	1	Terna SpA	100.000%	100.000%
66.	Terna Interconnector S.r.l.	Rome	Rome	1	Terna SpA	65.000%	65.000%
					Terna Rete Italia S.p.A.	5.000%	5.000%
67.	Terna Plus S.r.l.	Rome	Rome	1	Terna SpA	100.000%	100.000%
68.	Terna Rete Italia S.p.A.	Rome	Rome	1	Terna SpA	100.000%	100.000%
69.	Terna Rete Italia S.r.l. (formerly TELAT)	Rome	Rome	1	Terna SpA	100.000%	100.000%
70.	Terna SpA	Rome	Rome	1	CDP Reti S.p.A.	29.850%	29.850%
71.	Terna Storage S.r.l.	Rome	Rome	1	Terna SpA	100.000%	100.000%
72.	V.T.D. Trasformatori S.r.l.	Valdagno (VI - ITALY)	Valdagno (VI - ITALY)	1	Tamini Trasformatori S.r.l.	100.000%	100.000%
73.	Vard Accommodation AS	Tennfjord (Norway)	Tennfjord (Norway)	1	Vard Group AS	100.000%	100.000%
74.	Vard Accommodation Tulcea SRL	Tulcea (Romania)	Tulcea (Romania)	1	Vard Accommodation AS	98.180%	98.180%
					Vard Electro Tulcea SRL	1.820%	1.820%
75.	Vard Braila SA	Braila (Romania)	Braila (Romania)	1	Vard Group AS	5.880%	5.880%
	Vard Braila SA	Braila (Romania)	Braila (Romania)	1	Vard RO Holding SRL	94.120%	94.120%
76.	Vard Brevik Holding AS	Brevik (Norway)	Brevik (Norway)	1	Vard Group AS	100.000%	100.000%
77.	Vard Contracting AS	Norway	Norway	1	Fincantieri S.p.A.	100.000%	100.000%
78.	Vard Design AS	Alesund (Norway)	Alesund (Norway)	1	Vard Group AS	100.000%	100.000%
79.	Vard Design Liburna Ltd.	Rejeka (Croatia)	Rejeka (Croatia)	1	Vard Design AS	51.000%	51.000%
80.	Vard Electrical Installation and Engineering (India) Private Limited	New Delhi (India)	New Delhi (India)	1	Vard Electro AS	99.000%	99.000%
					Vard Tulcea SA	1.000%	1.000%
81.	Vard Electro AS	Sovik (Norway)	Sovik (Norway)	1	Vard Group AS	100.000%	100.000%
82.	Vard Electro Braila SRL	Braila (Romania)	Braila (Romania)	1	Vard Electro AS	100.000%	100.000%
83.	Vard Electro Brazil (Instalacoes Eletricas) Ltda	Niteroi (Brazil)	Niteroi (Brazil)	1	Vard Group AS	1.000%	1.000%
					Vard Electro AS	99.000%	99.000%
84.	Vard Electro Tulcea SRL	Tulcea (Romania)	Tulcea (Romania)	1	Vard Electro AS	99.960%	99.960%
85.	Vard Engeneering Constanta SRL	Costanza (Romania)	Costanza (Romania)	1	Vard RO Holding SRL	70.000%	70.000%
					Vard Braila SA	30.000%	30.000%
86.	Vard Engineering Brevik AS	Brevik (Norway)	Brevik (Norway)	1	Vard Brevik Holding AS	70.000%	70.000%
87.	Vard Engineering Gdansk sp. Z o. o.	Poland	Poland	1	Vard Engineering Brevik AS	100.000%	100.000%
88.	Vard Group AS	Alesund (Norway)	Alesund (Norway)	1	Vard Holdings Limited	100.000%	100.000%
89.	Vard Holdings Limited	Singapore	Singapore	1	Fincantieri OIL & GAS S.p.A.	55.630%	55.630%
90.	Vard Marine Inc.	Vancouver (Canada)	Vancouver (Canada)	1	Vard Group AS	100.000%	100.000%
91.	Vard Marine US Inc.	USA	USA	1	Vard Marine Inc.	100.000%	100.000%
92.	Vard Niterói SA	Rio de Janeiro (Brazil)	Rio de Janeiro (Brazil)	1	Vard Group AS	99.999%	99.999%
					Vard Electro Brazil (Instalacoes Eletricas) Ltda	0.001%	0.001%
93.	Vard Offshore Brevik AS	Porsgrunn (Norway)	Porsgrunn (Norway)	1	Vard Brevik Holding AS	100.000%	100.000%
94.	Vard Piping AS	Tennfjord (Norway)	Tennfjord (Norway)	1	Vard Group AS	100.000%	100.000%
95.	Vard Promar SA	Recife (Brazil)	Recife (Brazil)	1	Vard Group AS	50.500%	50.500%
96.	Vard RO Holding SRL	Tulcea (Romania)	Tulcea (Romania)	1	Vard Group AS	100.000%	100.000%
97.	Vard Ship Repair Braila SA	Braila (Romania)	Braila (Romania)	1	Vard Brevik Holding AS	31.420%	31.420%
					Vard Braila SA	68.580%	68.580%
98.	Vard Singapore Pte. Ltd.	Singapore	Singapore	1	Vard Group AS	100.000%	100.000%
99.	Vard Tulcea SA	Tulcea (Romania)	Tulcea (Romania)	1	Vard RO Holding SRL	99.990%	99.440%
100.	Vard Vung Tau Ltd	Vung Tau (Vietnam)	Vung Tau (Vietnam)	1	Vard Singapore Pte. Ltd.	100.000%	100.000%
101.	XXI APRILE S.r.l.	Rome	Rome	1	Fintecna SpA	100.000%	100.000%

Key
(1) Type of relationship:
1 = Majority of voting rights in ordinary shareholders' meeting
2 = Dominant influence in ordinary shareholders' meeting
3 = Agreements with other shareholders
4 = Other form of control
5 = Unitary management pursuant to Article 26.1 of Legislative Decree 87/92
6 = Unitary management pursuant to Article 26.2 of Legislative Decree 87/92
7 = Joint control
(2) Actual percentage of votes in ordinary shareholders' meeting, distinguishing between effective and potential votes

Significant assessments or assumptions made to determine the scope of consolidation

Full line-by-line consolidation

Full consolidation involves the line-by-line incorporation of the aggregates of the Balance sheets and Income statements of subsidiaries. After the allocation to non-controlling interests, reported as a separate item, of their share of equity and net income, the value of the equity investment is cancelled against the residual value of the equity of the subsidiary.
Assets, liabilities, income and expenses between consolidated companies are totally eliminated.

Acquisitions of companies are accounted for using the "acquisition method" provided for under IFRS 3, as modified by Regulation 495/2009, under which the identifiable assets acquired and the identifiable assets assumed (including contingent liabilities) are recognised at their respective fair values at the acquisition date.

For the newly acquired companies, the difference between the purchase price and the equity is provisionally allocated to goodwill if positive or to liabilities under item 100 “Other liabilities” if negative, net of any goodwill in the balance sheets of the acquirees. In accordance with IFRS 3, paragraph 45 et seq., the difference resulting from the transaction must be allocated definitively within 12 months of the acquisition date. If positive, the difference is recognised – after any allocation to the assets and liabilities of the subsidiary – as goodwill or other intangible assets under intangible assets. If negative, it is recognised through profit or loss.

The acquisition method is applied as from the moment in which control of the acquiree is effectively acquired.

Accounting for companies using the equity method

Associates and joint ventures are accounted for using the equity method.

The equity method involves initial recognition of the equity interest at cost, which is subsequently adjusted on the basis of the share held in the equity of the investee.

The difference between the value of the equity interest and the share held of the equity of the investee is included in the carrying amount of the investee.

The share of profit or loss of the investee is recognised in a specific item of the consolidated income statement.

If there is evidence of impairment, the recoverable amount of the investment is estimated, considering the present value of the future cash flows which may be generated by the investment, including the final disposal value. If the recoverable value is less than the carrying amount, the difference is recognised through profit or loss.

The consolidation of joint ventures and investments in associates was based on the most recent financial statements (annual or interim) approved by the companies.

SECTION 4 – EVENTS SUBSEQUENT TO THE REPORTING DATE

During the period between the reporting date for the financial statements and their approval by the Board of Directors, no events occurred that would require an adjustment to the figures approved.

SECTION 5 OTHER ISSUES

New accounting standards applicable from 1 January 2015

As required by IAS 8 (Accounting policies, changes in accounting estimates and errors) details are provided below of the new international accounting standards, or amendments to standards already in force, whose application became mandatory from 1 January 2015.

- Endorsement Commission Regulation EU 634/2014 adopting IFRIC 21 - Levies. This Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount are uncertain.
- Commission Regulation (EU) 1361/2014 of 18 December 2014, published in the Italian Official Gazette as Law 365 of 19 December 2014 amending certain international accounting standards: IFRS 3, IFRS 13 and IAS 40. The amendments aim to clarify that IFRS 3 does not apply to the accounting for a joint arrangement. In IFRS 13 it is clarified that references to financial assets and financial liabilities should be read as applying to all contracts governed by IFRS 9, and in IAS 40 it is specified that the standard establishes whether a property should be considered as being used for the business or for investment and also whether that property represents a business combination.

New accounting standards and interpretations issued and approved by the European Union, but not yet effective (date of entry into effect for accounting periods beginning after 1 January 2016)

A list is provided below of the accounting standards and interpretations already issued but not yet effective and therefore not applicable for the preparation of the financial statements at 31 December 2015 (unless it has been decided to adopt them in advance, where permitted):

Endorsement Regulation EU 28/2015: Improvements to international accounting standards, 2010-2012 Cycle. The objective of the annual improvements is to address the relevant topics relating to inconsistencies identified in the IFRS or to clarify wording, that are not urgent in nature, but were discussed by the IASB during the project cycle started in 2011. In some cases the amendments represent clarifications or changes to the standards in question (IFRS 8, IAS 16, IAS 24 and IAS 38), and in other cases the amendments result in changes to the existing provisions or provide additional guidance concerning their application (IFRS 2 and 3).

Commission Regulation (EU) 29/2015 of 17 December 2014, published in the Italian Official Gazette as Law 5 of 9 January 2015, adopting Amendments to IAS 19 – Defined benefit plans: Employee contributions. The amendment to IAS 19 was needed to simplify the accounting, under particular conditions, for defined benefit plans that involve contributions from employees or third parties. If certain conditions are not met, the recognition of those contributions becomes more complex because they must be allocated to the individual periods of the plan through the actuarial calculation of the related liability.

IFRS with the date of entry into force from the accounting periods beginning after 1 January 2016, but not yet endorsed by the European Union:

- IFRS 14, Regulatory deferral accounts;
- Amendment to IAS 1, Disclosure initiative;
- Amendments to IAS 27 Equity method in separate financial statements;
- Amendment to IFRS 11, Joint arrangements on acquisition of an interest in a joint operation;
- Amendments to IAS 16, Property, plant and equipment, and IAS 41, Agriculture, regarding bearer plants;
- Amendment to IAS 16, Property, plant and equipment, and IAS 38 'Intangible assets', on depreciation and amortisation;
- Amendments to IFRS 10, Consolidated financial statements, and IAS 28, Investments in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture;

  Annual improvements 2012-2014. The amendments in the 2012-2014 improvements cycle relate to: IFRS 5, IFRS 7, IAS 19, IAS 34 and IFRS 15;

- IFRS 9, Financial instruments;
- IFRS 15, Revenue from contracts with customers.

None of the standards listed above are significant for the purposes of the financial statements at 30 June 2015, because their application is subject to endorsement by the European Union, which had not yet taken place at the date of preparation of these condensed consolidated interim financial statements.

Restatement of the income statement at 30 June 2014

The income statement at 30 June 2014 was restated to incorporate the effects of:

- the line-by-line consolidation of SNAM, previously consolidated using the equity method, following identification of de facto control in accordance with IFRS 10, as already identified in the consolidated financial statements for 2014;
- the restatement of the figures for Terna, which resulted in the recognition of €0.5 million less revenue for the investee;
- the incorporation of the effect of the purchase price allocation for Ansaldo Energia, purchased at the end of 2013, which had an effect of €2.2 million on Group profit.

(thousands of euros)

CONSOLIDATED INCOME STATEMENT

	Items	30-06-2014 restated	30-06-2014	Change
10.	Interest income and similar revenues	3,759,824	3,751,453	8,371
20.	Interest expense and similar charges	(3,138,974)	(2,956,916)	(182,058)
30.	**Net interest income**	**620,850**	**794,537**	**(173,687)**
40.	Commission income	45,129	45,038	91
50.	Commission expense	(895,229)	(865,177)	(30,052)
60.	**Net commission income**	**(850,100)**	**(820,139)**	**(29,961)**
70.	Dividends and similar revenues	33,147	33,147	
80.	Net gain (loss) on trading activities	(175,775)	(175,775)	
90.	Net gain (loss) on hedging activities	(40,108)	(39,269)	(839)
100.	Gains (losses) on disposal or repurchase of:	251,368	251,368	
	a) loans	47,463	47,463	
	b) financial assets available for sale	203,905	203,905	
	c) financial assets held to maturity			
	d) financial liabilities			
110.	Net gain (loss) on financial assets and liabilities at fair value	2,380	2,380	
120.	**Gross income**	**(158,238)**	**46,249**	**(204,487)**
130.	Net impairment adjustments of:	(26,942)	(26,942)	
	a) loans	(24,584)	(24,584)	
	b) financial assets available for sale	(100)	(100)	
	c) financial assets held to maturity			
	d) other financial transactions	(2,258)	(2,258)	
140.	**Financial income (expense), net**	**(185,180)**	**19,307**	**(204,487)**
150.	Net premiums	253,621	253,621	
160.	Net other income (expense) from insurance operations	168,287	168,287	
170.	**Net result from financial and insurance operations**	**236,728**	**441,215**	**(204,487)**
180.	Administrative expenses	(2,660,190)	(2,172,654)	(487,536)
	a) staff costs	(784,790)	(613,974)	(170,816)
	b) other administrative expenses	(1,875,400)	(1,558,680)	(316,720)
190.	Net provisions	(19,360)	(21,518)	2,158
200.	Net adjustments of property, plant and equipment	(610,237)	(268,989)	(341,248)
210.	Net adjustments of intangible assets	(213,129)	(45,918)	(167,211)
220.	Other operating income (costs)	4,840,574	2,926,982	1,913,592
230.	**Operating costs**	**1,337,658**	**417,903**	**919,755**
240.	Gains (losses) on equity investments	539,681	641,264	(101,583)
250.	Net gain (loss) on property, plant and equipment, and intangibles assets at fair value			
260.	Goodwill impairment writedowns			
270.	Gains (losses) on disposal of investments	1,190	955	235
280.	**Income (loss) before tax from continuing operations**	**2,115,257**	**1,501,337**	**613,920**
290.	Income tax for the period on continuing operations	(585,337)	(323,862)	(261,475)
300.	**Income (loss) after tax on continuing operations**	**1,529,920**	**1,177,475**	**352,445**
310.	Income (loss) after tax on disposal groups held for sale	112	2,316	(2,204)
320.	**Net income (loss) for the period**	**1,530,032**	**1,179,791**	**350,241**
330.	Net income (loss) for the period pertaining to non-controlling interests	568,199	215,605	352,594
340.	**Net income (loss) for the period pertaining to shareholders of the parent company**	**961,833**	**964,186**	**(2,353)**

AMENDMENT TO THE REGULATION ON IMPAIRED FINANCIAL ASSETS

On 20 January 2015, the Bank of Italy published the 7th update to circular 272 ("Accounts Matrix") which amended the definitions of impaired assets to align them with the new notions of Non-Performing Exposure and Forbearance introduced by the Implementing Technical Standards (ITS), issued by the European Banking Authority and adopted by the European Commission.
Following that update, impaired financial assets are split between the following categories with effect from 1 January 2015: bad debts, unlikely to pay, and impaired past-due and/or overdrawn positions.
For the purposes of comparison, the impaired assets at 31 December 2014 have been reclassified according to the new definitions issued by the Bank of Italy. This did not result in any changes to the overall volume of impaired financial assets at 31 December 2014, because it consisted of transferring the positions previously classified as substandard to the new unlikely to pay category.

THE CONSOLIDATED TAXATION MECHANISM

The Parent Company, in its capacity as the consolidating entity, has opted to adopt the "consolidated taxation mechanism" introduced with Legislative Decree 344 of 12 December 2003 – together with the subsidiaries Fondo Strategico Italiano S.p.A., CDP GAS S.r.l., Fincantieri S.p.A., Fincantieri Oil & Gas S.p.A., Isotta Fraschini Motori S.p.A., CDP Reti S.p.A., CDP Immobiliare S.r.l. and Fintecna S.p.A.

OTHER INFORMATION

The condensed consolidated interim financial statements are subject to approval by the Board of Directors of CDP and will be published in accordance with the deadlines and procedures provided for in the regulations applicable to CDP.

THE MAIN FINANCIAL STATEMENT AGGREGATES

The accounting policies governing the classification, recognition, measurement and derecognition of assets and liabilities and the recognition of revenues and costs used in preparing the condensed consolidated interim financial statements are the same as those adopted in preparing the annual financial statements.

The following pages provide a description of the accounting principles adopted in preparing the condensed consolidated interim financial statements.

1 – FINANCIAL ASSETS HELD FOR TRADING

"Financial assets held for trading" (item 20) includes all financial assets, regardless of type (debt securities, equity, loans, derivatives, etc.), allocated to the trading portfolio and held for the purpose of generating profits over the short term as a result of changes in the price of such instruments, as well as the derivative contracts operationally connected with financial liabilities measured at fair value (under the fair value option) and derivatives with a positive value, including those resulting from the separation of embedded derivatives, that are not deemed to be effective for hedging purposes.
Financial assets held for trading meet the following prerequisites:
a) they are purchased with the intention of being sold in the short term;
b) they are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
c) they are derivatives (with the exception of derivatives that are designated and effective hedging instruments).

Such financial assets are initially recognised at fair value, which generally equals the amount paid or received net of transactions costs or income. Initial recognition is carried out at the subscription date for derivative contracts and on the settlement date for debt and equity securities, with the exception of those for which delivery is not governed by conventions on the market concerned, for which initial recognition is at the contract date.
Financial assets held for trading also include derivative contracts embedded in other financial instruments or contracts and which have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified themselves as derivative contracts, recognising them separately after separating the embedded derivative from the main

contract, which is then treated in accordance with the accounting rules for its own category. This is not done in cases in which the compound instrument containing the derivative is measured at fair value through profit or loss.

The financial instruments are measured subsequently at fair value based on the official prices as of the reporting date if they are listed on active markets. For financial instruments, including equity, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models and values registered in recent similar transactions. For equity securities and related derivatives, if the fair value obtained using such measurement techniques cannot be reliably determined, the financial instruments are measured at cost and written down in the event of impairment losses.

If the fair value of a financial asset becomes negative, it is recognised as a financial liability held for trading.

Financial assets held for trading are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial asset is retained, the asset remains on the balance sheet even if official title has been transferred.

The gains and losses on sale or redemption and unrealised gains and losses resulting from the fair value measurement of the trading portfolio are reported under “Net gain (loss) on trading activities” (item 80).

2 – FINANCIAL ASSETS AVAILABLE FOR SALE

"Financial assets available for sale" (item 40) are non-derivative financial assets (debt securities, equity, etc.) that are classified as being available for sale and not as (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised on the contract date for all financial assets, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is carried out at the settlement date and on the disbursement date in the case of loans.

The financial assets are initially recognised at fair value, which generally equals the amount paid or received net of transactions costs or gains.

Investments in equity instruments that are not listed on an active market and for which it is not possible to measure fair value reliably, as well as derivatives connected to such instruments and/or that must be settled with the delivery of such instruments, are measured at cost.

Unrealised gains or losses on available-for-sale securities are recorded in a specific equity reserve, net of tax effects, until the investment is sold or written down.

The financial instruments are measured subsequently at fair value based on the official prices as of the reporting date if they are listed on active markets. For financial instruments, including equity securities, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models and values registered in recent comparable transactions. For equity securities and related derivatives, if the fair value obtained using such measurement techniques cannot be reliably determined, the financial instruments are measured at cost and written down in the event of impairment losses.

Available-for-sale financial assets undergo impairment testing to determine whether there is objective evidence of impairment. Where the decline in the fair value of an available-for-sale security with respect to its initial cost value is significant or prolonged, an impairment is recognised through profit or loss. A decrease in fair value is deemed significant when is exceeds 40% of the initially recognised value and prolonged when it continues for a period of more than 24 months. Where an available-for-sale security is impaired, the cumulative, unrealised change in value recorded in the equity reserve is recognised in the income statement under "Net impairment adjustments of financial assets available for sale" (item 130.b). The impairment is recognised when the purchase cost (net of any amortisation and repayments of principal) of an available-for-

sale financial asset exceeds its recoverable amount. The amount of this loss is measured using specific valuation techniques and models for equity securities. Any writebacks of investments in equity instruments are not recognised in the income statement but in an equity reserve, while any writebacks of investments in debt instruments go through the income statement. The value of the instrument after the writeback shall in any event not exceed the value that the instrument would have had in the absence of the prior adjustments.
Dividends on equity instruments that are available for sale are recognised as income when the right to receive payment is established.
In addition to the recognition of impairment losses, the cumulative gains or losses in the equity reserve are, as mentioned above, recognised in the income statement at the time the asset is sold. Accordingly, in the event of disposal of an investment in available-for-sale securities, the related cumulative, unrealised change in value recorded in equity is recognised in the income statement as “Gains (losses) on the disposal of financial assets available for sale” (item 100.b).
Available-for-sale financial assets are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial asset is retained, the asset remains on the balance sheet even if official title has been transferred.

3 – FINANCIAL ASSETS HELD TO MATURITY

Financial assets held to maturity include financial assets other than derivatives with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

If, following a change in such intention or ability, it is no longer appropriate to continue to classify an investment as held to maturity, it is reclassified under financial assets available for sale.
Held-to-maturity financial assets are initially recognised at fair value, which is normally equal to the price paid or received. In cases where the price differs from fair value, the asset is recognised at fair value and the difference between the price and the fair value is taken to the income statement.
The value at which such assets are recognised includes incidental costs and revenues attributable to the transaction.
Following initial recognition, financial assets held to maturity are measured at amortised cost and undergo impairment testing. The amortised cost of a financial

asset is equal to the amount at which it is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Such assets are derecognised when the contractual rights to the cash flows from the assets expire or when the assets are divested by transferring substantially all the risks and rewards of ownership of the assets.

4 – Loans

The term "loans" refers to a portfolio of financial instruments, including debt securities, that are not listed on an active market and which IAS 39 refers to as "loans and receivables", for which the company has a right to receive future cash flows.
Loans are recognised when the contract is executed, i.e. upon the unconditional acquisition of a right to payment of the amounts agreed, and are initially measured at fair value, which equals the amount disbursed including directly related transaction costs and commissions. Where the net amount disbursed does not equal the loan's fair value because the interest rate is lower than the market rate or the rate normally applied for similar loans, initial measurement is effected by discounting the future cash flows using an appropriate rate.
The loans made by the CDP Group to public entities and public-law bodies under the Separate Account portfolio have a number of features that distinguish them from loans granted by banks, which normally disburse the entire amount of the loan to its beneficiary at the time the loan is granted. Such loans are special-purpose loans generally granted to local authorities for public works and are disbursed to the beneficiaries only after verification of the progress of the works in question. Therefore, disbursements are intended to meet the debts actually accumulated by the authority as the work is performed by the various contractors involved.
Upon signing the finance agreement, the debtor assumes the obligation to repay the entire principal granted, and this amount is used to determine an amortisation schedule separately from the amount actually disbursed. Amounts still to be disbursed by the CDP Group earn interest that can be treated as a reimbursement of the interest income earned by the CDP Group on the non-disbursed portion. CDP Group's special-purpose loans normally have an initial grace period, during which, in the absence of disbursements on the loan granted, the loan does not bear interest. The repayment plan for the amount granted begins, with certain exceptions, the year following the signing of the related

contract. The CDP Group's accounting policy for special-purpose loans is to recognise a commitment to disburse the sums granted upon signing the loan agreement and to recognise a receivable (with a consequent reduction in the disbursement commitments) for the entire amount granted only when repayment begins.

Any disbursements requested by borrowers during the grace period effectively reduce the commitment and result in a "short-term" receivable for the amount actually disbursed, with this amount accruing interest at the rate agreed upon by contract. The short-term receivable for advances on loans in their grace period is measured at cost in accordance with international accounting standards.

When repayment begins on a loan that has not yet been disbursed, both a payable and a receivable are recognised for the same amount in respect of the party responsible for repaying the loan. In accordance with the IASs/IFRSs, the receivable is measured at amortised cost (which, given the lack of transaction costs on the loans granted and with certain exceptions, equals cost), and the payable is a demand liability that decreases as the amounts are actually disbursed.

Loans granted by the CDP Group to borrowers other than public entities or public-law bodies are treated in a manner analogous to that for loans granted by banks.

The interest on loans and default interest is recognised as interest income and similar revenues on loans to banks and customers and are recognised on an accruals basis.

The carrying amount of loans is subject to periodic testing for impairment that could reduce their expected realisable value. This reduction becomes material when it is deemed probable that the amount due will not be paid in full, based on the original terms of the agreement, or that an equivalent asset will not be received.

Loans classified as bad debts and unlikely to pay are measured individually for positions that exceed a given value threshold. The measurement of writedowns of loans is based on discounting the expected future cash flows of principal and interest net of collection costs, taking account of any guarantees securing the positions and any advances received. The key to determining the value of the future cash flows is in defining the estimated collections, the related timing, and the discount rate to be applied.

The impairment of problem loans is then written back only when the quality of the loan improves to the point that there is a reasonable certainty of a greater recovery of principal and interest and/or greater receipts have been recorded than the previously recorded carrying amount of the loan. In any event, given the method used to measure impairment losses, as the due dates for credit

collection approach with the passing of time, the value of the loan is "written back", given that there is a reduction in the implicit finance costs previously recognised as a reduction in the value of the loans.
Recovery of all or a part of previously written down loans is recognised as a reduction to “Net impairment adjustments of loans” (item 130.a).
Loans are derecognised when paid in full, when all of the related risks and rewards have been transferred, or when a loan is deemed to be definitively uncollectible. The amount of the loss is recognised in the income statement net of previously recognised impairment losses.
Loans represented by positions with parties that are not classified under any of the risk categories listed above, but which are more than 90 days past due, also undergo individual impairment testing.
Loans for which no evidence of individual impairment has been identified undergo collective impairment testing.
The method used for collective testing is based on the parameters used for pricing loans and calculating (for internal purposes only) CDP’s capital adequacy with respect to the exposures it has assumed. The estimate of the incurred loss for the portfolio is determined by applying a number of corrective parameters to the one-year expected loss.
These corrective parameters are determined by considering the degree of concentration of the loan portfolio (concentration adjustments) and the expected time between the default event and the emergence of confirmation of default (loss confirmation period).
“Loans to customers” include unlisted financial assets in respect of customers (loans, debt securities, operating receivables, etc.) that are allocated to the “loans” portfolio. The item also reports the liquidity represented by the balance on the current account held with the Central State Treasury.
It also includes receivables due from Italian post offices and variation margins with clearing houses in respect of derivatives transactions.
“Loans to banks” include unlisted financial assets in respect of banks (current accounts, security deposits, debt securities, operating receivables, etc.) that are allocated to the “loans” portfolio. This also includes the amounts receivable from central banks other than free deposits (such as the reserve requirement).

5 – FINANCIAL ASSETS AT FAIR VALUE

A financial asset may be classified into financial assets at fair value through profit or loss if this enables more relevant information to be obtained because:

- eliminates or significantly reduces an inconsistency in measurement or recognition - accounting asymmetry - that would otherwise arise from measuring assets on a different basis;
- a group of financial assets is managed and its return is measured on a fair value basis, in accordance with a documented risk management or investment strategy.

Hybrid instruments with embedded derivatives that would otherwise be separated from the host instrument may also be classified in this category.
Equity instruments that do not have observable prices in an active market and whose fair value cannot be reliably determined cannot be designated as financial assets at fair value.

6 - HEDGING TRANSACTIONS

In accordance with the IAS definition, hedging instruments are designated derivatives or (limited to the hedging of foreign currency risk) non-derivative financial assets or liabilities the fair value or cash flows of which are expected to offset the changes in fair value or cash flows of a designated position (IAS 39, paragraphs 72-77 and Annex A, paragraph AG94). A hedged item is an asset, liability, firm commitment, a highly probable forecast transaction, or a net investment in a foreign operation that (a) exposes the organisation to the risk of a change in fair value or future cash flows and (b) is designated as being hedged (paragraphs 78-84 and Annex A, paragraphs AG98-AG101). The effectiveness of the hedge is the extent to which the change in fair value or cash flows of the hedged position that is attributable to a hedged risk are offset by the change in fair value or cash flows of the hedging instrument (Annex A, paragraphs AG105-AG113).
When a financial instrument is classified as a hedging instrument, the following are to be formally documented:

- the relationship between the hedging instrument and the position hedged, including the risk management objectives;
- the hedging strategy, which must be in line with established risk management policies;
- the methods to be used in order to verify the effectiveness of the hedge.

Accordingly, both at the inception of the hedge and throughout its life, the change in the fair value of the derivative is analysed in order to determine whether it is highly effective in offsetting the changes in fair value of the hedged position.
A hedge is deemed to be highly effective if, both at inception and throughout its life, the changes in fair value of the hedged position or in the expected cash

flows attributable to the risk being hedged are almost entirely offset by the changes in fair value of the hedging derivative, with the relationship of these changes falling within a range of between 80% and 125%.
If the hedge is not effective as described above, the hedging instrument is reclassified under trading instruments, while the hedged item is measured in accordance with the criteria for its category. Hedge accounting also ceases in the event the hedging instrument expires, is sold or exercised or where the hedged item expires, is sold or is repaid.
In the event of hedges designed to neutralise the risk of changes in future cash flows arising from future transactions that are considered as highly probable as at the balance-sheet date (cash flow hedge), the fair value changes of the derivative after initial recognition are recognised, to the extent of the effective portion, under the item "reserves" in shareholders' equity. When the financial effects originated by the hedged item become manifest, the reserve is reclassified to profit or loss under operating components. If the hedge is not perfectly effective, the ineffective portion of the change in the fair value of the hedging instrument is recognised immediately in profit or loss.
If during the life of a derivative instrument, the hedged expected cash flows are no longer considered to be highly probable, the reserves associated with that instrument are immediately reversed to profit or loss for the year. Conversely, if the derivative instrument is transferred or no longer qualifies as an effective hedge, the reserves representing the changes in the fair value of the instrument recognised up to that point are retained in equity and reversed to profit or loss in accordance with the classification criterion described above, in conjunction with the manifestation of the financial effects of the transaction originally hedged. If the hedged transaction is no longer considered probable, the unrealised gains or losses recognised in equity are recognised immediately in profit or loss.
Asset item 80 and liability item 60 report hedging derivatives (when not considered guarantees received in accordance with IAS 39), which at the reporting date have either a positive or negative value.

7 – Equity investments

The item includes equity interests in joint ventures (IFRS 11) and associates subject to significant influence (IAS 28).
Associates are companies in which CDP holds, either directly or indirectly, at least 20% of the voting rights or, independently of the proportion of voting rights, companies over which CDP has significant influence, which is defined as the power to participate in determining financial and operating policies, but without exercising either control or joint control. Minority holdings are recognised

as financial assets available for sale (item 40) and are treated as described above.
Equity investments are initially recorded at cost, at the settlement date, and subsequently adjusted according to the equity method. Acquisitions are treated in the same manner as business combinations. Accordingly, the difference between the purchase price and the fraction of equity acquired is allocated on the basis of the fair value of the net identifiable assets of the associate. Any excess not allocated represents goodwill. The higher allocated price is not presented separately but is included in the carrying value of the investment (equity method).
Any positive difference between the value of the share of equity in the investee and the cost of the investment is recognised as income.
In applying the equity method, account is also taken of treasury shares held by the investee.
Where there is evidence that the value of an equity investment can be impaired, its recoverable value is determined, taking account of both its market value and the present value of future cash flows.
If this value is lower than the carrying amount, the difference is recognised in the income statement as an impairment loss. This loss is only recognised when the loss in value is significant or prolonged. Impairment losses on investments listed on active markets, unless there are additional, specifically justified reasons, shall be recognised when the impairment is deemed to be significant or prolonged. A decrease in fair value is deemed significant when is exceeds 40% of the initially recognised value and prolonged when it continues for a period of more than 24 months.
Any losses of the investee attributed to the owner that exceed the carrying value of the investment are recorded in a specific provision to the extent to which the owner is required to respond to the legal or implicit obligations of the investee, or in any case to cover its losses.

8 – Property, plant and equipment

"Property, plant and equipment" includes all non-current tangible assets used in operations governed by IAS 16 and investment property (land and buildings) governed by IAS 40. These include assets under finance leases (for the lessee) and operating leases (for the lessor), as well as leasehold improvement costs.
Property, plant and equipment is recognised at purchase cost including incidental expenses and non-deductible VAT, increased by revaluations carried out under the provisions of specific laws.

The carrying amount represents the book value of the tangible assets net of depreciation. The depreciation rates used are felt to reflect the remaining useful economic life of each asset.

Newly acquired assets are depreciated as from the period in which they enter service.

Property, plant and equipment held under finance leases that substantially transfer all the risks and rewards of ownership, are recognised as assets at the lower of their fair value or the present value of the minimum lease payments due under the lease, including any amounts payable to exercise the final purchase option. The corresponding liability to lessor is recognised under financial debt. The assets are depreciated using the same criteria as those used for assets owned.

Leases where the lessor substantially retains all the risks and rewards associated with ownership are classified as operating leases. Costs in respect of operating leases are recognised on a straight-line basis over the term of the lease.

Property, plant and equipment leased out under finance lease agreements (or agreements that are treated as finance leases), that substantially transfer all the risks and rewards associated with ownership to the lessee, are recognised as financial receivables in the balance sheet. At the time of transfer of the asset to the user, the selling profit on the sale of the leased asset is recognised. That profit is determined as the difference between: the lower of the fair value of the asset at the time the agreement is entered into and the present value of the minimum payments due to the Group under the lease, calculated at a market interest rate; ii) the production cost of the leased asset increased by legal and internal costs directly attributable to negotiating and arranging the lease. Subsequent to recognition of the financial receivable, financial income is recognised in an amount reflecting the constant periodic rate of return on the receivable allocated over the term of the lease on a systematic and rational basis.

In the presence of obligations to dismantle and remove assets and reclaim sites, the carrying value includes the estimated costs (discounted) that will be incurred when the structures are decommissioned are recognised in a specific provision. The accounting treatment of revisions to these estimated costs, the passage of time and the discount rate are set out in the section “Provisions”.

Assets to be relinquished free of charge are recognised at cost, including any disposal and removal costs that will be incurred under contractual obligations to restore the assets to their original condition, net of depreciation calculated over the lesser of the estimated useful life of the asset and the term of the concession, net of dismantling and removal costs.

Land and buildings are treated as separate assets for accounting purposes, even if purchased together. Land is considered to have an indefinite life and, as such, is not depreciated.

Assets whose use or nature classifies them as capital equipment are depreciated on a straight-line basis over their remaining useful lives.

In the event an asset should suffer a lasting impairment of value, independently of depreciation, it is written down. The original value is restored where the conditions that had prompted the writedown should cease to obtain.

Maintenance and repair costs that do not increase the utility or useful lives of assets are charged directly to income for the year.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that qualify for capitalisation pursuant to IAS 23 are capitalised on the asset as part of its cost.

"Assets under construction and advances" are composed of advances or expenses incurred in respect of assets and materials that have not been completed or are undergoing testing before entering service. Since they have not yet entered the company's production cycle, depreciation is suspended.

9 – INTANGIBLE ASSETS

For IAS purposes, “Intangible assets” include goodwill, governed by IFRS 3, and other intangible assets, governed by IAS 38 and primarily include concessions, licenses and trademarks, customer contracts, R&D costs and industrial patents and intellectual property rights.

Concessions, licenses, trademarks and similar rights arising from an acquisition are recognised at fair value as of the date of acquisition and are amortised over the expected life of the asset. More specifically, trademarks are not amortised but they are tested for impairment annually or more frequently if events or changes in circumstances indicate that the they may be impaired. The value of the storage concessions, determined as indicated by the Ministry for Productive Activities in the decree of 3 November 2005, is recorded under “Concessions, licenses, trademarks and similar rights” and is not subject to amortisation.

Customer contracts arising from an acquisition are recognised at fair value as of the date of the acquisition. Contractual rights are amortised over the expected life of the relationship.

Research costs are expensed in the period in which they are incurred. Costs for the development of new products and production processes are capitalised and recognised under intangible assets only if all of the following conditions are met:

- the project is clearly identified and the associated costs can be identified and measured reliably;
- the technical feasibility of the project has been established;
- there is a clear intention to complete the project and sell the intangible assets generated by the project;
- a potential market exists or, in the case of internal use, the usefulness of the intangible asset has been established;
- adequate technical and financial resources to complete the project are available.

The amortisation of any development costs recognised under intangible assets begins as from the date on which the result of the project is ready for sale and is carried out on a straight-line basis.

The costs incurred for the acquisition of industrial patents and intellectual property rights are amortised on a straight-line basis, allocating the acquisition cost over the shorter of the expected period of use and the term of the associated contracts, as from the time the right acquired can be exercised.

Intangible assets are recognised at purchase or development cost including incidental expenses and are amortised over their estimated useful lives, which, at the end of each year, is subject to impairment testing in order to verify the appropriateness of the estimates.

An intangible asset is only recognised under the following conditions:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the company;
- the cost of the asset can be measured reliably.

Goodwill generated from the acquisition of subsidiaries is allocated to each identified cash generating unit (CGU). Following initial recognition, goodwill is not amortised but is reduced for any impairment losses. The estimate of the recoverable value of goodwill recognised uses a discounted cash flow model, which determines value in use on the basis of an estimation of future cash flows and an appropriate discount rate.

In the event an asset should suffer a lasting impairment of value, independently of depreciation, it is written down. The original value is restored where the conditions that had prompted the writedown should cease to obtain.

Goodwill in respect of investments in associated companies and companies subject to joint control is included in the carrying amount of such companies. Negative goodwill is taken to the income statement at the time of the acquisition.

10 - NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups) whose carrying amount will be recovered principally through a sale rather than through continuing use are classified as held for sale and reported separately from other assets and liabilities in the balance sheet. Non-current assets (or disposal groups) classified as held for sale are first measured in accordance with the IFRS/IAS applicable to each asset and liability and are subsequently measured at the lower of their carrying amount and fair value less costs to sell. The individual assets of the companies classified as held for sale are not depreciated/amortised, whereas financial expense and other expenses attributable to liabilities held for sale continue to be recognised. Any subsequent impairment losses are recognised directly as an adjustment to the carrying amount of the non-current assets (or disposal groups) classified as held for sale through profit or loss. The corresponding balance sheet values for the previous year are not reclassified. A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is an investment exclusively acquired with a view to resale.

11 – CURRENT AND DEFERRED TAXATION

Corporate income tax (IRES) and the regional tax on business activities (IRAP), which are determined in compliance with applicable tax law, are recognised on the basis of a realistic estimate of the associated income components for the first half of 2015.

Deferred tax items regard the recognition of the effects of differences, including timing differences, between the valuation of accounting items under tax regulations, which are used to determine taxable income, and that under statutory reporting regulations (which seek to quantify the result for the year).

More specifically, “taxable temporary differences” between statutory and tax values are those that will give rise to taxable amounts in future tax periods,

while "deductible temporary differences" are those that will give rise to deductible amounts in the future.
Deferred tax liabilities – which are correlated with the amount of income that will become taxable in future years – are recognised in the tax provision without offsetting against deferred tax assets, which are recognised in the balance sheet under "Tax assets".
If the deferred tax items regard developments that directly affect equity, they are recognised in equity.

12 - PROVISIONS

"Provisions" (item 120) are recognised solely under following conditions:

- there is a present (legal or constructive) obligation resulting from a past event;
- it is probable/expected that a charge, i.e., an outflow of resources embodying economic benefits, will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

When the financial impact of the time factor is significant and the dates of payment of the obligation can be estimated reliably, the provision is measured as the present value (discounted at market rates as of the reporting date) of the charges that are expected to be incurred in order to settle the obligation.
The provisions are only used when the charges for which they were originally established are incurred. When the outlay to fulfil the obligation is no longer deemed to be probable, the provision is reversed through the income statement.

13 – DEBT AND SECURITIES ISSUED

"Amounts due to banks" (item 10) and "Amounts due to customers" (item 20) include all forms of interbank and customer funding. In particular, these items include all debt of any kind (deposits, current accounts, loans) other than "Financial liabilities held for trading" (item 40), "Financial liabilities at fair value through profit or loss" (item 50), and debt securities under item 30 ("Securities issued"). This includes operating payables. Securities issued, both listed and unlisted, are measured at amortised cost. The item is reported net of repurchased securities. It also includes securities which, as of the balance sheet date, have matured but have not yet been redeemed. It does not include the portion of the company's own debt securities issued but not yet placed with third parties.

These are initially measured at fair value including the costs incurred to issue the securities. Subsequent measurement is at amortised cost. The payables are eliminated when they mature or are extinguished.

14 – FINANCIAL LIABILITIES HELD FOR TRADING

This item includes all forms of financial liabilities (debt securities, loans, etc.) designated as being held for trading purposes. It does not include the portion of the company's own debt securities issued but not yet placed with third parties.
The financial liabilities are initially recognised at fair value, which generally equals the amount received net of transactions costs or revenues. Initial recognition is carried out at the subscription date for derivative contracts and on the settlement date for debt and equity securities, with the exception of those for which delivery is not governed by conventions on the market concerned, for which initial recognition is at the contract date.
Financial liabilities held for trading also include derivative contracts embedded in other financial instruments or contracts and which have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified themselves as derivative contracts, recognising them separately after separating the embedded derivative from the main contract, which is then treated in accordance with the accounting rules for its own category. This is not done in cases in which the compound instrument containing the derivative is measured at fair value through profit or loss.
Subsequent measurement is at fair value. If the fair value of a financial liability becomes positive, it is recognised as a financial asset held for trading.
Financial liabilities held for trading are derecognised when the contractual rights to the cash flows expire or a sale transfers all the risks and rewards connected with ownership of the liability to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial liability is retained, the liability remains on the balance sheet even if official title has been transferred.
The gains and losses on sale or redemption and unrealised gains and losses resulting from changes in the fair value of the trading portfolio are reported under "Net gain (loss) on trading activities" (item 80). The income components are recognised following the results of the measurement of the financial liability held for trading.

15 – Foreign currency transactions

Transactions in a foreign currency are initially recognised in euros by translating the amount in the foreign currency into euros at the spot exchange rate prevailing on the date of the transaction.

In preparing the financial statements, assets denominated in a foreign currency are accounted for as follows:

- in the case of monetary instruments, at the spot exchange rate prevailing at the preparation date of the financial statements, recognising exchange rate differences under "Net gain (loss) on trading activities" in the income statement;
- in the case of non-monetary instruments, at cost using the exchange rate for the original transaction;
- in the case of non-monetary instruments measured at fair value, at the spot exchange rate prevailing at the preparation date of the financial statements.

Exchange rate differences in respect of non-monetary items are treated using the same rules for gains and losses on the original instruments.

The effects of foreign exchange differences related to the equity of investments measured using the equity method are recognised in an equity reserve.

The financial statements denominated in foreign currencies other than the Euro are translated in accordance with the following rules:

- all assets and liabilities are translated using the exchange rates in effect at the date of the financial statements;
- costs and revenues are translated at the average exchange rate for the period/year;
- the "translation reserve" includes both the exchange rate differences arising from translation of income statement items at a rate different from that at year-end and those arising from the translation of shareholders' equity opening balances at an exchange rate different from that at year-end.
- Goodwill and fair value adjustments relating to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at year-end.

16 – Insurance assets and liabilities

Insurance assets include amounts in respect of risks ceded to reinsurers under contracts governed by IFRS 4. Reinsurers' share of technical provisions are determined on the basis of the existing contracts/treaties, in accordance with the same criteria used for quantifying the technical provisions, unless a different valuation is deemed appropriate in consideration of the recoverability of the receivable.

In accordance with IFRS 4, insurance liabilities related to actuarial reserves may continue to be accounted for in accordance with local GAAP. A review of the contracts written by the Group insurance undertakings found that they all qualify as insurance contracts. Technical provisions also include any provisions that made necessary by the liability adequacy test. Claims provisions do not include compensation and equalisation provisions as they are not permitted under the IFRS. Reserves continued to be accounted for in compliance with the accounting standards adopted prior to IFRS, as all the existing policies fall within the scope of IFRS 4 (insurance contracts); Specifically, this item includes:

- unearned premium reserve, which comprises two sub-items: provision for premium instalments, determined on a pro rata basis, pursuant to art. 45 of Legislative Decree no. 173 of 26 May 1997; the reserve for unexpired risks, composed of the amounts to be set aside to cover claims and expenses that exceed the provision for premium instalments on existing contracts for which no claims arose at year-end, to meet the liability adequacy test requirements imposed by IFRS 4;
- the provision for claims outstanding, which includes provisions for claims reported but not yet paid on the basis of the forecast cost of the claim, including settlement and management expenses. Claims provisions are determined on the basis of an estimate of the ultimate cost of covering charges relating to the indemnity paid, direct costs and payment for each individual claim.

17 - OTHER INFORMATION

STAFF SEVERANCE PAY

The liability for employee benefits payable to employees on or after termination of employment under defined benefit and other long-term benefit plans is recognised net of any plan assets. It is determined separately for each plan on the basis of actuarial assumptions, estimating the amount of future benefits accrued by employees at the reference date. The liability is recognised over the period in which the entitlement accrues. The liability is estimated by independent actuaries.

For a limited number of companies in the Group, with a limited number of employees and whose liability for staff severance pay is not material, that liability continued to be reported as calculated on the basis of Italian statutory provisions (pursuant to Art. 2120 of the Italian Civil Code).

Interest income and expense

Interest income and expense is recognised in the income statement for all instruments based on amortised cost using the effective interest method.
Interest also includes the net positive or negative balance of the differences and margins related to financial derivative contracts.

Commissions

Commissions are recognised in the income statement on an accruals basis. This excludes commissions considered when calculating amortised cost for the purpose of determining the effective interest rate, which are recognised under interest.

Dividends

Dividends are recognised as income in the period in which they are approved for distribution.
Dividends form equity investments accounted for using the equity method are deducted from the carrying amount of the investments.

Inventories

Inventories, including compulsory stock, are stated at the lesser of their cost and their net realisable value, represented by the amount that the business expects to obtain from their sale in the normal course of its activities. Cost is measured as the weighted average cost. The net realisable value is the selling price in the ordinary course of business less the estimated completion costs and those necessary to sell the good. Work in progress and semi-finished goods are valued at production cost, excluding financial charges and overheads. Sales and purchases of strategic gas do not generate an actual transfer of the risks and rewards associated with ownership and, therefore, do not result in changes in inventory.

Contract work in progress (construction contracts)

When the profit or loss of a contract can be reliably estimated, the related contract costs and revenues are recognised separately in profit or loss on a percentage of completion basis. Progress is measured based on the work carried out and measured proportionally to the costs of contracts incurred up to the reporting date and estimated costs of the total contract. Differences between the value of completed contracts and payments on account received are recognised under balance sheet assets or liabilities, considering any impairment losses on the work carried out so as to take into account the risks of customers' refusal to

recognise the work performed. Expected contract losses are taken immediately to profit or loss under contract costs.
Contract costs include all those costs that relate directly to the specific contract, as well as fixed and variable costs incurred by Group companies as part of normal operations.

SHARE-BASED PAYMENTS

The cost of employee service remunerated through stock option plans is measured at the fair value of the options granted to employees at the grant date. The fair value of options granted is recognised under staff costs over the vesting period, with a corresponding increase in equity, considering the best possible estimate of the number of options that employees will be able to exercise. Such estimate is reviewed where subsequent information indicates that the expected number of equity instruments that will vest differs from the estimate previously carried out, independently of market conditions.
The measurement method used to calculate fair value considers all the characteristics of the options (term, price and conditions, etc.), as well as the value of the underlying security at the grant date, volatility and the yield curve at the grant date, in line with the duration of the plan.
At maturity, the estimate is revised and recognised in the income statement to register the amount corresponding to the number of equity instruments that have effectively vested, independently of market conditions.

CAPITALISED BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that qualify for capitalisation are capitalised as part of the cost of the asset. The qualifying assets (property, plant and equipment and intangible assets) involved are those that require at least one year before being ready for use. The directly attributable borrowing cost is that which would not have been incurred if the expenditure for the asset had not been incurred.
Where funds are borrowed specifically, costs eligible for capitalisation are the actual costs incurred less any income earned on the temporary investment of such borrowings. Where funds are part of a general pool, the eligible amount is determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate will be the weighted average of the borrowing costs applicable to the general pool, excluding any specifically borrowed funds. The amount of borrowing costs capitalised during a year shall in any case not exceed the amount of borrowing costs incurred during that year.

Capitalisation commences as from the date all the following conditions have been met: (a) expenditures have been incurred for the asset; (b) borrowing costs are being incurred; and (c) activities to prepare the asset for its intended use or sale are in progress.
Capitalisation ceases when the activities necessary to prepare the asset for its intended use or sale are substantially complete.

GRANTS

The revenues are recognised when it is probable that the economic benefits of the operation will flow to the entity. However, where the recoverability of an amount already included in the revenues is uncertain, the unrecoverable amount or the amount whose recovery is no longer probable is recognised as a cost.
Grants received in relation to specific assets whose value is recognised under non-current assets are, for plants already in operation before 31 December 2002, recognised under other liabilities and taken to the income statement over the depreciation period of the related assets. Since 2003, grants for new plants entering service are recognised as a direct reduction of the value of the related asset.
Grants for operating expenses are recognised in full in the income statement when the conditions for recognition are satisfied.

REVENUES

Depending on the type of transaction, revenues are recognised on the basis of the following specific criteria:

- revenues from the sale of goods are recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- revenues from services are recognised with reference to the stage of completion of the service. If revenues cannot be reliably measured, they are recognised to the extent of recoverable costs;
- revenues from fees for the use of the National Transmission Grid (NTG) are determined on the basis of the rates set by the Authority for Electricity and Gas.

Payments collected on behalf of third parties, such as fees for other non-Group grid owners, as well as fees recognised for the balancing of the national electrical energy system, which do not increase equity, are shown net of the related costs.

NET PREMIUM INCOME

This macro-item includes accrued premiums in respect of contracts classified as insurance contracts pursuant to IFRS 4 and investment contracts with discretionary participation in profits considered equivalent to insurance contracts by IFRS 4.

Insurance contracts comprise all contracts under which one party (the insurer) accepts significant insurance risk from another party by agreeing to compensate the other party (the policyholder or other beneficiary) if a specified uncertain future event adversely affects the policyholder or the other beneficiary.

All contracts written by the Group can be classified as insurance contracts pursuant to IFRS 4. Premiums are reported net of cessions in reinsurance.

USE OF ESTIMATES

The application of international accounting standards in preparing the financial statements requires the company to formulate estimates for certain balance sheet items that are considered reasonable and realistic on the basis of the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities and the disclosures on contingent assets and liabilities as of the reporting date, as well as the amounts reported for revenues and costs for the period under review.

Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on future results.

EMISSION RIGHTS

Costs relating to emission rights, determined on the basis of market prices, are recorded solely for the amount of carbon dioxide emissions exceeding the allocated emission rights; costs relating to the purchase of emission rights are capitalised and recorded among intangible assets net of any negative balance between emissions and allocated rights. Proceeds relating to emission rights are recorded at the moment of their realisation through the sale of rights. In the event of sale, any purchased rights are understood to have been sold first. Cash credits allocated instead of the free allocation of emission rights are recorded in “Other income” in the income statement.

DETERMINING FAIR VALUE

Fair value is the amount for which an asset (or liability) could be exchanged in an arm's length transaction between parties with a reasonable level of knowledge about market conditions and the material circumstances of the object of the exchange.

In the definition of fair value a key assumption is that an entity is fully operational and does not have the need to liquidate or significantly reduce a position. Among other factors, the fair value of an instrument reflects its credit quality as it incorporates the default risk associated with the counterparty or the issuer.

For financial instruments, fair value is determined in three possible ways:

- in the case of instruments quoted on active markets, prices on financial markets are used (Level 1);
- in the case of financial instruments not quoted on active markets, recourse is made, where possible, to valuation techniques that use observable market parameters other than quoted prices for the instrument but connected with its fair value by non-arbitrage relationships (Level 2);
- in other cases, recourse is made to internal valuation techniques that also use as inputs parameters that are not observable on the market and thus are inevitably subjective to some degree (Level 3).

A market is considered active if prices are readily and regularly available on regulated markets, organised trading facilities, brokers, intermediaries, pricing services, etc. and if those prices can reasonably be considered to be representative of actual and regular market transactions carried out close to the valuation date.

In the case of financial instruments that are not quoted on active markets, valuation using Level 2 inputs requires the use of valuation techniques that process market parameters at different levels of complexity. For example, valuation techniques may, in addition to interpolations and extrapolations, involve the specification of stochastic processes that represent market dynamics and the use of simulations or other numerical techniques to determine the fair value of the instruments being measured.

In selecting the valuation techniques to be used in Level 2 measurements, the Group takes account of the following criteria:

- simpler valuation techniques are preferred to more complex techniques, all other conditions being equal and as long as they represent all of the relevant characteristics of the product, ensuring that they are reasonably in line with the practices and results of other sector operators;

- valuation techniques are applied consistently over time to uniform categories of instruments, unless objective grounds for replacement emerge;
- all other conditions being equal, preference is given to standard models whose mathematical structure and implementing procedures are familiar to practitioners and integrated into the Group's corporate systems.

The selection of market parameters as inputs for Level 2 valuations is carried out on the basis of non-arbitrage relationships or comparative relationships that define the fair value of the financial instrument being measured as the relative fair value compared with that of financial instruments quoted on active markets.

For derivatives and bonds, the Group has developed a reference framework that comprises the valuation criteria and models on which the valuation of each category of instrument is based.

The fair value of derivatives incorporates the counterparty credit risk and current and potential exposure using a simplified credit value adjustment (CVA) methodology. Nevertheless, given the generalised use of framework netting arrangements that provide for the exchange of collateral, as at 30 June 2015 such adjustments are confined to cases of limited importance.

In some cases, in determining fair value it is necessary to have recourse to valuation techniques that call for inputs that cannot be drawn directly from observable market variables, such as statistical or "expert based" estimates by the party performing the valuation (Level 3).

More specifically, in the financial statements of the Group, the following measurements are classified as Level 3:

- the valuation of options on equity indices embedded in certain categories of postal savings bonds, which are separated and measured at fair value through profit or loss and require the use of parameters concerning the redemption behaviour of investors;
- certain inflation-linked derivatives, which call for parameters determined using "expert-based" assessments owing to the low liquidity of some market segments;
- equity interests, other equity instruments, and unlisted debt instruments that are measured using non-market parameters.

Here, too, Level 3 valuation techniques are applied consistently over time to uniform categories of instruments, unless objective grounds for replacement emerge. Similarly, parameters that cannot be drawn directly from observable market variables are applied consistently over time.

BUSINESS COMBINATIONS

Business combinations are recognised using the acquisition method. Under that method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the acquisition-date fair values of the assets transferred and the liabilities assumed and equity instruments issued by the acquirer in exchange for control of the acquiree. Transaction costs are generally recognised in profit or loss at the time they are incurred.

For the newly acquired companies, if the allocation of the purchase price is not definitive, the difference between the purchase price and the equity is provisionally allocated to goodwill if positive or to liabilities under item 100 “Other liabilities” if negative, net of any goodwill in the balance sheets of the acquirees. In accordance with IFRS 3, paragraph 45 et seq., within 12 months of the acquisition date, the difference resulting from the transaction must be allocated definitively, recognising the acquisition-date fair value of the identifiable assets acquired and liabilities assumed. The following items are exceptions, being measured as provided for in the relevant standard governing their treatment:

- deferred tax assets and liabilities;
- assets and liabilities in respect of employee benefits;
- liabilities or equity instruments related to share-based payment transactions involving shares of the acquiree or share-based payment transactions involving shares of the Group issued in replacement of contracts of the acquiree;
- assets held for sale and discontinued operations.

Goodwill is determined as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the any equity interest previously held by the acquirer in the acquiree over the acquisition-date fair value of the net assets acquired and liabilities assumed. If the acquisition-date fair value of the net assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the any equity interest previously held by the acquirer in the acquiree, the excess is recognised in profit or loss as a gain from the transaction.

Non-controlling interests can be measured at fair value or as a proportionate share in the recognised amounts of the acquiree’s identifiable net assets at the acquisition date. The choice of which measurement method to use is decided on a case-by-case basis.

Any contingent consideration provided in the business combination agreement is measured at the acquisition date fair value and included in the amount of the consideration transferred in the business combination for the purposes of determining goodwill. Any subsequent changes in that fair value that can be considered as adjustments occurring during the measurement period shall be reflected retrospectively in goodwill. Changes in fair value that can be considered as measurement-period adjustments are those prompted by new information about facts and circumstances that existed as of the acquisition date that has been obtained during the measurement period (which may not exceed one year from the acquisition date).

In the case of business combinations achieved in stages, the equity interest previously held by the Group in the acquiree is revalued at the fair value as of the date of acquisition of control and any resulting gain or loss is recognised through profit or loss. Any changes in the value of the previously held equity interest that had been recognised in other comprehensive income are reclassified to the income statement as if the equity interest had been sold.

If the initial accounting for a business combination is incomplete at the end of the reporting period in which the business combination occurs, the Group reports the provisional amounts of the items for which the measurement cannot be completed in its consolidated financial statements. During the measurement period, the provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the assets and liabilities recognised as of that date.

Disposals of non-controlling interests in a subsidiary by way of a sale or dilution that do not result in the loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In these circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their interests in the subsidiary. Any difference between the amount of the adjustment of non-controlling interests and the fair value of the consideration received shall be recognised directly in equity.

DISCLOSURES ON FAIR VALUE MEASUREMENT

QUALITATIVE DISCLOSURES

This section contains the disclosures on fair value measurement in accordance with the requirements of IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The assumption is that this refers to an ordinary transaction between independent counterparties that have a reasonable degree of knowledge of market conditions and the relevant facts related to the item being traded. In the definition of fair value a key assumption is that an entity is fully operational and does not have the need to liquidate or significantly reduce a position. Among other factors, the fair value of an instrument reflects its credit quality as it incorporates the default risk associated with the counterparty or the issuer.

The international accounting standards have established three levels of classification for a financial instrument (known as the “hierarchy of fair value inputs”); the level of fair value measurement assigned depends on the observability and significance of the inputs used in the valuation model.

For financial instruments listed on active markets, fair value corresponds to the market price at the measurement date, or as close to it as possible (Level 1).

A market is considered active if prices are readily and regularly available on regulated markets, organised trading facilities, pricing services, etc. and if those prices can reasonably be considered to be representative of actual and regular market transactions carried out close to the valuation date.

The fair value of unlisted financial instruments is classified under level 2 or 3 according to whether or not the inputs used in the valuation model are observable and their significance within that model.

The level 2 inputs are prices available on active markets or inputs based on observable market data, such as interest rates, credit spreads or yield curves. If they are used in the pricing of an instrument, they must be available for the entire remaining life of the instrument. The fair value of a financial instrument measured using techniques that use level 2 inputs is classified in the same level for the fair value hierarchy.

The level 2 inputs may need to be adjusted to enable their use, also in view of the characteristics of the financial instrument being measured. If the adjustment is made on the basis of parameters that cannot be observed in the market or is impacted to a greater or a lesser extent by the modelling choices needed to make it (through the use of statistical or “expert-based” techniques by those carrying out the measurement), the fair value measurement is classified under level 3, or the inputs not observable in the market and not directly available.

This category also includes the parameters estimated on the basis of proprietary models or historical data and used for the fair value measurement of unlisted financial instruments, classified under the same level.

1. Fair value levels 2 and 3: valuation techniques and inputs used

Valuation techniques for unlisted financial instruments may, in addition to interpolations and extrapolations, involve the specification of stochastic processes that represent market dynamics and the use of simulations or other numerical techniques to determine the fair value of the instruments being measured.

The CDP Group takes the following into consideration when selecting the valuation models:

- simpler valuation techniques are preferred to more complex techniques, all other conditions being equal and as long as they represents all of the relevant characteristics of the product, ensuring that they are reasonably in line with the practices and results of other sector operators;
- valuation techniques are applied consistently over time to uniform categories of instruments, unless objective grounds for replacement emerge;
- all other conditions being equal, preference is given to standard models whose mathematical structure and implementing procedures are familiar to practitioners and integrated into the corporate systems of the Group’s companies.

The selection of market parameters as inputs for Level 2 valuations is carried out on the basis of non-arbitrage relationships or comparative relationships that define the fair value of the financial instrument being measured as the relative fair value compared with that of financial instruments quoted on active markets.

Specifically, in the CDP Group's financial statements the fair value measurements are assigned to level 2 for bonds receivable or payable whose measurement depends exclusively on observable market parameters, and the measurement of interest rate derivatives designated as accounting or operational hedges for assets or liabilities and of the items relating to the exchanges of collateral referring to them.

For derivatives and bonds, the Group has developed a reference framework that comprises the valuation criteria and models on which the valuation of each category of instrument is based.

The fair value of derivatives incorporates the counterparty credit risk and current and potential exposure using a simplified credit value adjustment (CVA) methodology. In view of the use of framework netting arrangements that provide for the exchange of collateral, of the frequency of exchange of the collateral and the fact that it is established in the form of cash, as well as the minimum ratings required from the counterparties, at 30 June 2015 no adjustments of this kind have been made. With regard to the embedded derivatives in postal savings bonds which are separated out, the adjustment for the joint credit risk of CDP and the Italian Government is considered to be nil. An adjustment of this type, if made, would result in a reduction in the fair value of those liabilities.

With regard to the assets and liabilities measured at fair value on a recurring basis, the following are classified as Level 3 in the consolidated financial statements:

- the valuation of options on equity indices embedded in certain categories of postal savings bonds, which are separated and measured at fair value through profit or loss and require the use of parameters concerning the redemption behaviour of investors;
- certain inflation-linked derivatives, which call for parameters determined using "expert-based" assessments owing to the low liquidity of some market segments;
- certain bonds whose valuation depends on the conditions of use established from time to time and/or spreads that are not directly observable or representative of the creditworthiness of the issuer/debtor;
- equity interests and other unquoted equity instruments that are measured using non-market parameters.

2. Valuation processes and sensitivity

Description of the valuation process for the fair value measurement of instruments classified at level 3 of the hierarchy of fair value inputs

Here, too, Level 3 valuation techniques are applied consistently over time to uniform categories of instruments, unless objective grounds for replacement emerge. Similarly, parameters that cannot be drawn directly from observable market variables are applied consistently over time.

The methods and processes adopted by CDP Group aim to ensure that the value assigned to each position appropriately reflects their current fair value, with a level of detail for the checks proportional to the quantitative significance of the assets and liabilities measured.

The reference framework that comprises the valuation criteria and models on which the valuation of each category of instrument is based is contained in methodological documents that are periodically updated. The valuations are performed through internal systems used by the companies of the CDP Group for the management of securities and derivatives and subject to standard controls. The valuation process and related controls are subject to third-level checks on a regular basis.

Description of non-observable inputs used the valuation process for the fair value measurement of instruments classified at level 3 on a recurring basis

Redemption profiles

The redemption of postal savings bonds is a central estimate of the nominal amount of the bonds that will be submitted to the post office for redemption within a series of future dated, between the valuation date and the final maturity date. The estimated is made by the parent company through statistical analyses and expert-based valuations. This non-observable figure is significant for the Level 3 measurement of the fair value of the options separated out from the postal savings bonds indexed to the Dow Jones EuroStoxx 50. If the investor redeems the bond in advance they lose the entitlement to receive any component of indexed remuneration and as a result the option granted by CDP lapses. For this category of financial instrument, higher redemptions therefore result in a lower value of liabilities for CDP. Although the redemption profiles are non-observable inputs, the changes in those profiles over time are closely linked to the changes in actual redemptions observed.

Term structure of expected inflation

The term structure of expected inflation used to value derivatives in certain indexes that do not have a liquid market, refers to rates for indexes that have a liquid market.

Equity multiple

Equity investments in unlisted companies are valued by applying a multiplication factor to the equity in line with what is estimated would be applied for a market transaction. At 30 June 2015, all the multiples, set based on expert appraisal, were 100%. Given that this parameter acts directly on the final fair value on the final fair value in a proportional manner, no sensitivity analysis has been reported.

Adjustment to NAV

The Net Asset Value (NAV) is the difference between the total value of a fund's assets and liabilities. An increase in NAV coincides with an increase in fair value. For funds classified as Level 3, the NAV may need to be adjusted downwards to take account of characteristics that, in the event of a transaction, are liable to generate a price lower than the NAV.
At 30 June 2015, adjustments of this kind were made to the NAVs of the collective investment undertakings held in the portfolio at the standard rate of 15%, set on the basis of expert appraisal, taking into account the characteristics of limited liquidity of the units. Given that this parameter acts directly on the final fair value on the final fair value in a proportional manner, no sensitivity analysis has been reported.

3. Hierarchy of fair value inputs

IFRS 13 requires the provision of a description, with regard to the financial and non-financial assets and liabilities measured at fair value on a recurring basis, of the policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred separately for financial assets and liabilities and non-financial assets and liabilities (IFRS 13 paragraph 95).

The transfers are motivated by whether it becomes possible or impossible to reliably measure fair value, respectively, at Level 1, Level 2 or Level 3: For example, if the measurement of an instrument is classified as “Level 3” due to the unobservability of a significant input, if that input becomes observable in the market or if it becomes common to use a model that requires only observable inputs, then the measurement is transferred to Level 2, and the transfer occurs at the end of the reporting period.

QUANTITATIVE DISCLOSURES

Hierarchy of fair value inputs

(thousands of euros)

ASSETS AND LIABILITIES VALUED AT FAIR VALUE ON A RECURRING BASIS: BREAKDOWN BY LEVEL OF FAIR VALUE INPUTS

Financial assets/liabilities measured at fair value	30-06-15			31-12-14		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	714,104	383,662	14,245	679,767	303,605	522
2. Financial assets at fair value			186,613			156,497
3. Financial assets available for sale	7,236,178	7,720	667,617	6,325,135	14,449	616,519
4. Hedging derivatives		1,498,403	4,648	6,359	1,562,110	318
5. Property, plant and equipment						
6. Intangible assets						
Total	**7,950,282**	**1,889,785**	**873,123**	**7,011,261**	**1,880,164**	**773,856**
1. Financial liabilities held for trading		255,671	194,699		205,509	193,310
2. Financial liabilities at fair value						
3. Hedging derivatives		1,080,702	33,747	9,772	2,589,100	40,238
Total		**1,336,373**	**228,446**	**9,772**	**2,794,609**	**233,548**

(thousands of euros)

CHANGE FOR THE YEAR IN FINANCIAL ASSETS MEASURED AT FAIR ON A RECURRING BASIS (LEVEL 3)

	Financial assets held for trading	Financial assets at fair value	Financial assets available for sale	Hedging derivatives	Property, plant and equipment	Intangible assets
1. Opening balance	**522**	**156,497**	**616,519**	**318**		
2. Increases	**14,356**	**30,116**	**92,506**	**4,847**		
2.1 Purchases			66,807			
2.2 Profits taken to:	13,716	30,116	17,480	4,847		
2.2.1 Income statement	13,716	30,116		4,847		
- of which: capital gains	*13,375*	*30,116*		*4,847*		
2.2.2 Equity	x	x	17,480			
2.3 Transfers from other levels			7,053			
2.4 Other increases	640		1,166			
3. Decreases	**633**		**41,408**	**517**		
3.1 Sales			952			
3.2 Repayments	633		32,473	260		
3.3 Losses taken to:			7,982	56		
3.3.1 Income statement			135	56		
- of which: capital losses			*135*	*56*		
3.3.2 Equity	x	x	7,847			
3.4 Transfers to other levels						
3.5 Other decreases			1	201		
4. Closing balance	**14,245**	**186,613**	**667,617**	**4,648**		

(thousands of euros)

CHANGE FOR THE YEAR IN FINANCIAL LIABILITIES AT FAIR VALUE ON A RECURRING BASIS (LEVEL 3)

		Financial liabilities held for trading	Financial liabilities at fair value	Hedging derivatives
1.	**Opening balance**	**193,310**		**40,238**
2.	**Increases**	**104,777**		
2.1	Issues	11,248		
2.2	Losses taken to:	93,529		
2.2.1	Income statement	93,529		
	- of which: capital losses	*43,060*		
2.2.2	Equity	x	x	
2.3	Transfers from other levels			
2.4	Other increases			
3.	**Decreases**	**103,388**		**6,491**
3.1	Sales			
3.2	Repayments	98,620		
3.3	Profits taken to:	4,768		6,491
3.3.1	Income statement	4,768		2,305
	- of which: capital gains	*4,546*		
3.3.2	Equity	x	x	4,186
3.4	Transfers to other levels			
3.5	Other decreases			
4.	**Closing balance**	**194,699**		**33,747**

DISCLOSURES ON "DAY ONE PROFIT / LOSS"

The carrying amount of financial instruments on recognition is equal to their fair value at the same date.

In the case of financial instruments other than those at fair value through profit or loss, the fair value at the recognition date is normally assumed to be equal to the amount received or paid.

In the case of financial instruments at fair value through profit or loss classified as Level 3, any difference with respect to the amount received or paid could in principle be recognised through profit or loss under the appropriate items, generating a so-called "day one profit/loss".

Such difference may only be recognised through profit or loss if it is generated by a change in the factors on which market participants base their valuations in determining prices (including the time effect).

If the instrument has a specified maturity and a model that monitors changes in the factors on which operators base prices is not immediately available, the day one profit/loss can be recognised through profit or loss over the life of the financial instrument.

The CDP Group has not recognised any day one profit/loss on financial instruments in accordance with the provisions of paragraph 28 of IFRS 7 and other related provisions of the IAS/IFRS.

INFORMATION ON THE BALANCE SHEET

ASSETS

CASH AND CASH EQUIVALENTS – ITEM 10

(thousands of euros)

CASH AND CASH EQUIVALENTS: COMPOSITION

	30-06-15	31-12-14
a) Cash	686	689
b) Free deposits with central banks		
Total	**686**	**689**

FINANCIAL ASSETS HELD FOR TRADING – ITEM 20

(thousands of euros)

FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY TYPE

	Banking group	Insurance group	Other entities	30-06-15	31-12-14
A On-balance-sheet assets					
1. Debt securities		74,689		74,689	86,118
1.1 Structured securities					
1.2 Other debt securities		74,689		74,689	86,118
2. Equity securities		34,784		34,784	39,554
3. Units in collective investment undertakings		607,182		607,182	558,573
4. Loans					
4.1 Repurchase agreements					
4.2 Other					
Total A		**716,655**		**716,655**	**684,245**
B Derivatives					
1. Financial derivatives	274,997	106,198	14,161	395,356	299,649
1.1 trading		106,198	14,161	120,359	22,502
1.2 associated with fair value option					
1.3 other	274,997			274,997	277,147
2. Credit derivatives					
2.1 trading					
2.2 associated with fair value option					
2.3 other					
Total B	**274,997**	**106,198**	**14,161**	**395,356**	**299,649**
Total (A+B)	**274,997**	**822,853**	**14,161**	**1,112,011**	**983,894**

The financial derivatives set out in the table mainly regard options purchased to hedge the embedded option component of postal savings bonds indexed to baskets of equities. This option component was separated from the host instrument and was classified among financial liabilities held for trading.

FINANCIAL ASSETS AT FAIR VALUE – ITEM 30

(thousands of euros)

FINANCIAL ASSETS AT FAIR VALUE: COMPOSITION BY TYPE

	30-06-15	31-12-14
1. Debt securities	186,613	156,497
1.1 Structured securities	186,613	156,497
1.2 Other debt securities		
2. Equity securities		
3. Units in collective investment undertakings		
4. Loans		
4.1 Repurchase agreements		
4.2 Other		
Total	**186,613**	**156,497**

This item includes the convertible bond issued by Valvitalia Finanziaria S.p.A. and held by FSI Investimenti.

This convertible bond has a duration of 7 years. It can be fully converted at any time and at FSI Investimenti's sole discretion (or compulsorily in the case of an IPO or other liquidity event) and has a coupon of at least 2%. This instrument has been measured at fair value, which amounted to €186,613 thousand at 30 June 2015. The increase with respect to 31 December 2014 was mainly attributable to the appreciation in the fair value of Valvitalia, which benefited, among other things, from the financial and operating performance of the companies and the synergies resulting from recent acquisitions made.

FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

(thousands of euros)

FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION BY TYPE

	Banking group	Other entities	30-06-15	31-12-14
1. Debt securities	7,205,925		7,205,925	5,599,577
1.1 Structured securities				
1.2 Other debt securities	7,205,925		7,205,925	5,599,577
2. Equity securities	10,975	45,419	56,394	751,478
2.1 At fair value	8,863	38,693	47,556	742,634
2.2 At cost	2,112	6,726	8,838	8,844
3. Units in collective investment undertakings	641,698	6,174	647,872	603,938
4. Loans		1,324	1,324	1,110
Total	**7,858,598**	**52,917**	**7,911,515**	**6,956,103**

The balance of this item was mainly attributable to the debt securities (around €7.2 billion) and units in collective investment undertakings (around €0.6 billion) held by the Parent Company.

FINANCIAL ASSETS HELD TO MATURITY – ITEM 50

(thousands of euros)

FINANCIAL ASSETS HELD TO MATURITY: COMPOSITION BY TYPE

	Banking group	Insurance group	30-06-15	31-12-14
1. Debt securities	25,279,889	1,482,774	26,762,663	22,913,003
- structured				
- other	25,279,889	1,482,774	26,762,663	22,913,003
2. Loans				
Total	**25,279,889**	**1,482,774**	**26,762,663**	**22,913,003**

The item mainly includes investments by the Parent Company in government securities, with a carrying amount of €25.3 billion, whose inflation-linked component, with a nominal value of around €3.8 billion, is held to hedge the exposure to Italian inflation due to the issue of postal savings bonds indexed to inflation.

LOANS TO BANKS – ITEM 60

(thousands of euros)

LOANS TO BANKS: COMPOSITION BY TYPE

	Banking group	Insurance group	Other entities	30-06-15	31-12-14
A. Claims on central banks	**2,109,100**			**2,109,100**	**1,890,989**
1. Fixed-term deposits					
2. Reserve requirement	2,109,100			2,109,100	1,890,989
3. Repurchase agreements					
4. Other					
B. Loans to banks	**27,086,832**	**413,102**	**2,162,674**	**29,662,608**	**26,884,445**
1. Financing	27,086,832	413,102	2,162,674	29,662,608	26,884,445
1.1 Current accounts and free deposits	1,499,489	211,317	2,162,674	3,873,480	3,355,268
1.2 Fixed-term deposits	479,221	201,663		680,884	2,199,140
1.3 Other financing:	25,108,122	122		25,108,244	21,330,037
- Repurchase agreements	12,377,040			12,377,040	8,521,237
- Finance leasing					
- Other	12,731,082	122		12,731,204	12,808,800
2. Debt securities					
2.1 Structured securities					
2.2 Other debt securities					
Total (carrying amount)	**29,195,932**	**413,102**	**2,162,674**	**31,771,708**	**28,775,434**

Loans to banks are primarily composed of:

- the balance on the management account for the reserve requirement of about €2,109 million;
- other loans amounting to about €25,108 million; the figure shows an increase compared to the end of 2014 of about €3,778 million mainly attributable to new repurchase agreements;
- fixed-term deposits of about €681 million, of which about €479 million in respect of Credit Support Annexes (cash collateral) opened at banks by CDP to hedge the counterparty risk on derivatives;
- deposit and current account balances totalling about €3,873 million, with an overall increase in the Group's stock of around €518 million compared to 31 December 2014.

LOANS TO CUSTOMERS – ITEM 70

Loans to customers mainly regard lending operations under the Separate Account and Ordinary Account of CDP. The item also reports liquidity held with the Central State Treasury. The following table provides a breakdown of the positions by technical form.

(thousands of euros)

LOANS TO CUSTOMERS: COMPOSITION BY TYPE

	30-06-15			31-12-14		
	Performing	Impaired		Performing	Impaired	
		Acquired	Other		Acquired	Other
Loans	**274,251,153**		**386,705**	**264,116,080**		**332,858**
1. Current accounts	486,014			486,832		
1.1 Liquidity held with Central State Treasury	153,451,303			147,517,932		
2. Repurchase agreements	23,595,800			18,651,109		
3. Loans	90,295,910		216,012	89,643,334		200,242
4. Credit cards, personal loans and loans repaid by automatic deductions from wages	440			457		
5. Finance leasing						
6. Factoring	973,675		137,163	1,167,367		103,338
7. Other	5,448,011		33,530	6,649,049		29,278
Debt securities	**7,018,923**			**2,977,707**		
8. Structured						
9. Other debt securities	7,018,923			2,977,707		
Totale	**281,270,076**		**386,705**	**267,093,787**		**332,858**

Liquidity held with the Central State Treasury in current account no. 29814 in the name of “Cassa DP SPA - Gestione Separata” comprises liquidity generated by Separate Account transactions performed by the parent company. As envisaged by Article 6.2 of the MEF decree of 5 December 2003, the Ministry for the Economy and Finance pays semi-annual interest at a floating rate equal to the simple arithmetic mean between the gross yield on 6-month Treasury bills and the monthly level of the Rendistato index. Interest accrued on current account no. 29814 that will be credited after 30 June 2015 amounted to about €462 million.

The item “current accounts” mainly regards the positive balance on correspondent accounts held by Fintecna with investees.

Factoring receivables, which total about €1,111 million, regard the activities of the subsidiary SACE Fct. They decreased by about €160 million from the end of 2014.

The item relating to debt securities, totalling about €7,019 million, shows an increase of €4,041 million compared to the end of 2014, mainly attributable to the operations of the Parent Company.

Repurchase agreements used to invest liquidity at short term, with Italian government securities as collateral, amounted to about €23,596 million, an increase of around €4,945 million compared to the end of 2014.

The volume of long-term loans and other financing, totalling about €95,993 million, shows a decrease of about €528 million compared to 31 December 2014.

Impaired positions amounted to about €387 million (of which about €221 million pertaining to the Parent Company), with an increase of about €54 million compared to 31 December 2014.

On 20 January 2015, the Bank of Italy published the 7th update to circular 272 ("Accounts Matrix"), which amended the definitions of impaired assets to align them with the new notions of Non-Performing Exposure and Forbearance introduced by the Implementing Technical Standards (ITS) issued by the European Banking Authority and adopted by the European Commission.
Following that update, impaired financial assets have been split between the following categories with effect from 1 January 2015: bad debts, unlikely to pay, and impaired past-due and/or overdrawn positions.
For the purposes of comparison, the Parent Company has reclassified the impaired assets at 31 December 2014 according to the new definitions issued by the Bank of Italy. This did not result in any changes to the overall volume of impaired financial assets at 31 December 2014, because it consisted of transferring the positions previously classified as substandard to the new unlikely to pay category.

Developments in the impaired on-balance-sheet exposures of the banking group and the associated writedowns during the period are reported in the following table.

(thousands of euros)

BANKING GROUP - ON-BALANCE-SHEET EXPOSURES TO CUSTOMERS: CHANGES IN GROSS IMPAIRED POSITIONS

	Bad debts	Unlikely to pay	Past due positions
A. Opening gross exposure	**78,930**	**260,074**	**26,021**
- of which: exposures assigned but not derecognised			
B. Increases	**4,729**	**26,537**	**23,535**
B.1 transfers from performing positions	2,686	13,879	21,685
B.2 transfers from other categories of impaired positions	1,464	11,141	1,555
B.3 other increases	579	1,517	295
C. Decreases	**275**	**14,838**	**18,122**
C.1. to performing loans		2,036	5,186
C.2. writeoffs			
C.3. collections	275	4,457	1,401
C.4. assignments			
C.4 bis losses on disposal			
C.5. transfers to other categories of impaired positions		2,625	11,535
C.6. other decreases		5,720	
D. Closing gross exposure	**83,384**	**271,773**	**31,434**
- of which: exposures assigned but not derecognised			

(thousands of euros)

BANKING GROUP - ON-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN TOTAL ADJUSTMENTS

		Bad debts	Unlikely to pay	Past due positions
A.	**Total opening adjustments**	**52,580**	**112,004**	**12**
	- of which: exposures assigned but not derecognised			
B.	**Increases**	**1,771**	**5,904**	
B.1	writedowns	1,467	5,489	
B.1.bis	losses on disposal			
B.2	transfers from other categories of impaired positions			
B.3	other increases	304	415	
C.	**Decreases**	**228**	**6,258**	**1**
C.1	writebacks from valuations	194	526	1
C.2	writebacks from collection	34		
C.2.bis	gains on disposal			
C.3	writeoffs			
C.4	transfers to other categories of impaired positions			
C.5	other decreases		5,732	
D.	**Total closing adjustments**	**54,123**	**111,650**	**11**
	- of which: exposures assigned but not derecognised			

HEDGING DERIVATIVES – ITEM 80

(thousands of euros)

HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE

	Banking group	Other entities	30-06-15	31-12-14
A. Financial derivatives:	**738,515**	**764,536**	**1,503,051**	**1,568,787**
1) Fair value	602,130	761,578	1,363,708	1,384,567
2) Cash flow	136,385	2,958	139,343	184,220
3) Investment in foreign operations				
B. Credit derivatives				
1) Fair value				
2) Cash flow				
Total	**738,515**	**764,536**	**1,503,051**	**1,568,787**

The item reports derivatives transactions carried out to hedge the exposure to changes in fair value and in cash flows that at the end of the period had a positive value.

EQUITY INVESTMENTS – ITEM 100

usands of euros)

EQUITY INVESTMENTS IN JOINT VENTURES AND IN COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

Company name	Registered office	Operational headquarters	Equity investment		% of votes (1)	Consolidated carrying amount
			Investor	% holding		
A. Joint ventures						
1. Acqua Campania SpA	Naples	Naples	SNAM S.p.A.	0.53%	0.53%	31
2. Agestel S.r.L.	Pisa	Pisa	SNAM S.p.A.	48.08%	48.08%	92
3. Alfiere S.p.A	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	16,464
4. Ansaldo Energia	Genoa	Genoa	FSI Investimenti SpA	44.55%	44.55%	436,769
			Fondo Strategico Italiano S.p.A.	0.29%	0.29%	2,838
5. Bonafous S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	
6. Camper and Nicholsons International S.A.	Luxembourg	Luxembourg	Fincantieri S.p.A.	17.63%	17.63%	4,987
7. Cinque Cerchi S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	
8. ELMED Etudes S.a.r.l.	Tunisi (Tunisia)	Tunisi (Tunisia)	Terna SpA	50.00%	50.00%	
9. ETIHAD SHIP BUILDING LLC	Abu Dhabi	Abu Dhabi	Fincantieri S.p.A.	35.00%	35.00%	
10. GasBridge 1 B.V.	Rotterdam (Netherlands)	Rotterdam (Netherlands)	SNAM S.p.A.	50.00%	50.00%	64,760
11. GasBridge 2 B.V.	Rotterdam (Netherlands)	Rotterdam (Netherlands)	SNAM S.p.A.	50.00%	50.00%	64,827
12. IQ Made in Italy Investment Company SpA	Milan	Milan	FSI Investimenti SpA	50.00%	50.00%	152,484
13. M.T. Manifattura Tabacchi S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	
14. Manifatture Milano S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	5,204
15. Meridiano - Comercio e Administracao de Propriedades SA	Lisbona (Portugal)	Lisbona (Portugal)	SNAM S.p.A.	1.18%	1.18%	47
16. Metano S.Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano	Sant'Angelo Lodigiano	SNAM S.p.A.	50.00%	50.00%	2,050
17. Metroweb Italia SpA	Milan	Milan	FSI Investimenti SpA	46.17%	46.17%	197,446
18. Orizzonte Sistemi Navali S.p.A.	Genoa	Genoa	Fincantieri S.p.A.	51.00%	51.00%	16,963
19. Pentagramma Perugia S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	195
20. Pentagramma Piemonte S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	1,400
21. Pentagramma Romagna S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	
22. Quadrifoglio Brescia S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	
23. Quadrifoglio Genova S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	
24. Quadrifoglio Piacenza S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	
25. Quadrifoglio Verona S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	1,463
26. Quadrifolgio Modena S.p.A.	Rome	Rome	CDP Immobiliare S.r.l.	50.00%	50.00%	
27. SIA SpA	Milan	Milan	FSIA INVESTIMENTI Srl	49.90%	49.90%	320,691
28. TIGF Holding S.A.S.	Pau (France)	Pau (France)	SNAM S.p.A.	40.50%	40.50%	502,810
29. Toscana Energia S.p.A.	Florence	Florence	SNAM S.p.A.	48.08%	48.08%	256,528
30. Trans Austria Gasleitung GmbH	Vienna (Austria)	Vienna (Austria)	SNAM S.p.A.	84.47%	89.20%	447,609
31. Umbria Distribuzione GAS S.p.A.	Terni	Terni	SNAM S.p.A.	45.00%	45.00%	13,277
32. Valvitalia Finanziaria S.p.A.	Milan	Milan	FSI Investimenti SpA	0.50%	0.50%	1,123
B. Companies subject to significant influence						
1. African Trade Insurance Company	Nairobi (Kenya)	Nairobi (Kenya)	SACE Spa	6.76%	6.76%	7,776
2. Brevik Technology AS	Brevik (Norway)	Brevik (Norway)	Vard Brevik Holding AS	34.00%	34.00%	78
3. Bridge Eiendom AS	Brevik (Norway)	Brevik (Norway)	Vard Brevik Holding AS	50.00%	50.00%	318
4. Castor Drilling Solution AS	Kristisnsand (Norway)	Kristisnsand (Norway)	Seaonics AS	34.00%	34.00%	1,326
5. CESI S.p.A.	Milan	Milan	Terna SpA	42.70%	42.70%	40,489
6. CGES A.D.	Podgorica (Montenegro)	Podgorica (Montenegro)	Terna SpA	22.09%	22.09%	38,416
7. Consorzio Condif in liquidazione	Rome	Rome	CDP Immobiliare S.r.l.	33.33%	33.33%	26
8. Consorzio Edinca in liquidazione	Naples	Naples	Fintecna SpA	47.32%	47.32%	10
9. Consorzio INCOMIR in liquidazione	Mercogliano (AV)	Mercogliano (AV)	Fintecna SpA	45.46%	45.46%	40
10. CORESO S.A.	Bruxelles (Belgio)	Bruxelles (Belgio)	Terna SpA	22.49%	22.49%	449
11. CSS Design Limited	Isola di Man	Isola di Man	Vard Marine Inc.	31.00%	31.00%	1,325
12. Dameco AS	Skien (Norway)	Skien (Norway)	Vard Offshore Brevik AS	34.00%	34.00%	10
13. DOF Iceman AS	Norway	Norway	Vard Group AS	50.00%	50.00%	1,546
14. Eni S.p.A.	Rome	Rome	CDP SpA	25.76%	25.76%	16,892,363
15. Europrogetti & Finanza S.p.A. in liquidazione	Milan	Milan	CDP SpA	31.80%	31.80%	
16. Galaxy S.àr.l. SICAR	Luxembourg	Luxembourg	CDP SpA	40.00%	40.00%	2,348
17. Inalca SpA	Castelvetro (MO)	Castelvetro (MO)	IQ Made in Italy Investment Company SpA	28.40%	28.40%	
18. Kedrion Group SpA	Castelvecchio Pascoli (LU)	Castelvecchio Pascoli (LU)	FSI Investimenti SpA	25.06%	25.06%	115,225
19. Ligestra DUE S.r.l.	Rome	Rome	Fintecna SpA	100.00%	100.00%	674
20. Ligestra S.r.l.	Rome	Rome	Fintecna SpA	100.00%	100.00%	736
21. Ligestra TRE S.r.l.	Rome	Rome	Fintecna SpA	100.00%	100.00%	15,242
22. Møkster Supply AS	Stavanger (Norway)	Stavanger (Norway)	Vard Group AS	40.00%	40.00%	630
23. Møkster Supply KS	Stavanger (Norway)	Stavanger (Norway)	Vard Group AS	36.00%	36.00%	5,014
24. Olympic Green Energy KS	Fosnavag (Norway)	Fosnavag (Norway)	Vard Group AS	30.00%	30.00%	2,115
25. Olympic Subsea KS	Fosnavag (Norway)	Fosnavag (Norway)	Vard Group AS	35.00%	35.00%	13,521
26. Rem Supply AS	Fosnavag (Norway)	Fosnavag (Norway)	Vard Group AS	26.66%	26.66%	12,613
27. Rocco Forte Hotels Limited	London	London	FSI Investimenti SpA	11.50%	11.50%	41,748
			Fondo Strategico Italiano S.p.A.	11.50%	11.50%	41,748
28. Sviluppo Turistico culturale Golfo di Napoli S.c.a.r.l.	Naples	Naples	CDP Immobiliare S.r.l.	25.00%	25.00%	2
29. Taklift AS	Skien (Norway)	Skien (Norway)	Vard Brevik Holding AS	25.47%	25.47%	401
30. Trevi Finanziaria Industriale S.p.A	Cesena	Cesena	FSI Investimenti SpA	8.43%	8.43%	38,141
			Fondo Strategico Italiano S.p.A.	8.43%	8.43%	38,141
B. Unconsolidated subsidiaries (2)						
1. Alitalia Servizi S.p.A. in amm. straordinaria	Fiumicino (RM)	Fiumicino (RM)	CDP Immobiliare S.r.l.	99.90%	99.90%	200
2. Cagliari 89 Scarl in liquidazione	Monastir (CA)	Monastir (CA)	Fintecna SpA	68.85%	68.85%	
3. Cinecittà Luce S.p.A. in liquidazione	Rome	Rome	Fintecna SpA	51.00%	51.00%	
4. Consorzio Aerest in liquidazione	Rome	Rome	Fintecna SpA	97.38%	97.38%	
5. Consorzio Codelsa in liquidazione	Rome	Rome	Fintecna SpA	100.00%	100.00%	21
6. Consorzio Edinsud in liquidazione	Naples	Naples	Fintecna SpA	58.82%	58.82%	26
7. Consorzio G1	Rome	Rome	Fintecna SpA	56.85%	56.85%	6
8. Consorzio IMAFID in liquidazione	Naples	Naples	Fintecna SpA	75.00%	75.00%	
9. Consorzio Italtecnasud in liquidazione	Rome	Rome	Fintecna SpA	85.00%	85.00%	41
10. Consorzio MED.IN. in liquidazione	Rome	Rome	Fintecna SpA	100.00%	100.00%	20
11. Ligestra QUATTRO S.r.l.	Rome	Rome	Fintecna SpA	100.00%	100.00%	
12. Tirrenia di Navigazione S.p.A. in amm. straordinaria	Naples	Naples	Fintecna SpA	100.00%	100.00%	

Key:
(1) Actual percentage of votes in ordinary shareholders' meeting, distinguishing between effective an
(2) Companies in liquidation or subsidiaries in the start-up phase without assets and liabilities

The interest in Eni S.p.A. considered for the purposes of measuring the investment using the equity method, taking account of treasury shares held by Eni S.p.A., amounts to about 26%.

There were no significant changes in the portfolio of equity investments held.

REINSURERS' SHARE OF TECHNICAL PROVISIONS – ITEM 110

(thousands of euros)

REINSURERS' SHARE OF TECHNICAL PROVISIONS: COMPOSITION

	30/06/2015	31/12/2014
A. Non-life insurance	**315,719**	**84,670**
A1. Provision for unearned premiums	219,970	38,310
A2. Provision for claims outstanding	46,115	46,163
A3. Other	49,634	197
B. Life insurance		
B1. Mathematical reserves		
B2. Provision for claims outstanding		
B3. Other		
C. Technical provisions where the investment risk is borne by the insured		
C1. Reserves for contracts whose benefits are linked to investment funds and market indices		
C2. Reserves from the operation of pension funds		
D. Total reinsurers' share of technical provisions	**315,719**	**84,670**

PROPERTY, PLANT AND EQUIPMENT – ITEM 120

Property, plant and equipment, for business use and held for investment, includes all the movable property and real estate held by the Group, net of depreciation, and breaks down as follows:

(thousands of euros)

OPERATING PROPERTY, PLANT AND EQUIPMENT: COMPOSITION OF ASSETS MEASURED AT COST

	Banking group	Insurance group	Other entities	30-06-15	31-12-14
1. owned	**237,636**	**115,278**	**33,221,041**	**33,573,955**	**33,394,799**
a) land	117,406	98,346	350,193	565,945	553,154
b) buildings	58,372	15,091	1,853,344	1,926,807	1,932,196
c) movables	1,463	1,610	7,384	10,457	11,083
d) electrical plant	911	182	373,460	374,553	388,533
e) other	59,484	49	30,636,660	30,696,193	30,509,833
2. acquired under finance leases			**1,638**	**1,638**	**9,285**
a) land					
b) buildings			966	966	709
c) movables					
d) electrical plant					
e) other			672	672	8,576
Total	**237,636**	**115,278**	**33,222,679**	**33,575,593**	**33,404,084**

The item mainly regards the Terna group's investments in electricity transmission lines and transformation stations, and the SNAM group's investments in gas transportation, storage, distribution and regasification infrastructure.

(thousands of euros)

INVESTMENT PROPERTY: COMPOSITION OF ASSETS MEASURED AT COST

	30-06-15	31-12-14
1. Owned	**38,542**	**40,077**
a) land	4,185	4,185
b) buildings	34,357	35,892
2. Acquired under finance leases		
a) land		
b) buildings		
Total	**38,542**	**40,077**

INTANGIBLE ASSETS – ITEM 130

Intangible assets break down as follows:

(thousands of euros)

INTANGIBLE ASSETS: COMPOSITION BY CATEGORY

	30-06-15		31-12-14	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	x	**669,704**	x	**712,094**
A.1.1 pertaining to Group	x	669,704	x	712,094
A.1.2 non-controlling interests	x		x	
A.2 Other intangible assets	**7,215,925**	**16,534**	**7,174,121**	
A.2.1 Assets carried at cost	7,215,925	16,534	7,174,121	
a) internally-generated intangible assets	32,770		32,599	
b) other assets	7,183,155	16,534	7,141,522	
A.2.2 Assets at fair value				
a) internally-generated intangible assets				
b) other assets				
Total	**7,215,925**	**686,238**	**7,174,121**	**712,094**

Goodwill recognised in the balance sheet in the amount of about €670 million, consists of:

- €208 million for Terna;
- €299.5 million for SNAM;
- €162 million for the companies of the Fincantieri group.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND ASSOCIATED LIABILITIES – ITEM 150 OF THE ASSETS AND ITEM 90 OF THE LIABILITIES

(thousands of euros)

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE: COMPOSITION BY CATEGORY

	30-06-15	31-12-14
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property, plant and equipment	23,783	23,783
A.4 Intangible assets		
A.5 Other		
Total A	**23,783**	**23,783**
B. Disposal groups		
B.1 Financial assets held for trading		
B.2 Financial assets at fair value		
B.3 Financial assets available for sale		
B.4 Financial assets held to maturity		
B.5 Loans to banks		
B.6 Loans to customers		
B.7 Equity investments		
B.8 Property, plant and equipment		
B.9 Intangible assets		
B.10 Other assets		
Total B		
C. Liabilities associated with individual assets held for sale		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities	7,056	7,249
Total C	**7,056**	**7,249**
D. Liabilities associated with disposal groups		
D.1 Due to banks		
D.2 Due to customers		
D.3 Securities issued		
D.4 Financial liabilities held for trading		
D.5 Financial assets at fair value		
D.6 Provisions		
D.7 Other liabilities		
Total D		

Assets held for sale, amounting to €24 million (the same as at 31 December 2014), relate to a property complex, owned by Italgas, for which the negotiations for sale are being finalised based on the commitments arising from the agreement for the purchase of Italgas by Eni.

Liabilities directly associated with assets held for sale, amounting to around €7 million, relate to the environmental provisions for renovation work on the above-mentioned property complex.

OTHER ASSETS – ITEM 160

(thousands of euros)

OTHER ASSETS: COMPOSITION

	Banking group	Insurance group	Other entities	30-06-15	31-12-14
Payments on account for withholding tax on postal passbooks	102,775			102,775	238,419
Other tax receivables	14	7,917	69,623	77,554	68,611
Leasehold improvements			5,334	5,334	5,740
Receivables due from investees	52		91,644	91,696	105,151
Trade receivables and advances to public entities	5,543		36,941	42,484	31,370
Construction contracts			1,950,269	1,950,269	1,665,139
Advances to suppliers	401	580	211,898	212,879	198,882
Inventories		24	2,400,536	2,400,560	2,249,462
Advances to personnel	4	820	14,883	15,707	14,845
Other trade receivables	1	137,169	3,286,650	3,423,820	4,068,369
Other items	8,057	5,027	617,583	630,667	732,838
Accrued income and prepaid expenses	142	3,726	217,329	221,197	227,917
Total	**116,989**	**155,263**	**8,902,690**	**9,174,942**	**9,606,743**

The item reports assets not otherwise classified under the previous items.

The main items under this heading are:

- the trade receivables of the Terna group, of about €1,383 million, relating to electricity dispatching operations and the remuneration paid by distributors for use of the National Transmission Grid;
- trade receivables of the SNAM group, of about €1,389 million, mainly relating to the natural gas transport, distribution and storage sectors;
- the trade receivables of the Fincantieri group, of about €359 million;
- construction contracts, of about €1,950 million, mainly regarding the shipbuilding activities of Fincantieri;
- inventories of semi-finished goods and products being manufactured, of about €2,401 million, mainly relating to the assets of the real estate sector (in accordance with IAS 2, the item also includes assets represented by land and buildings held by the Group companies that operate in the real estate sector), of about €1,573 million, and the inventories relating to the SNAM group companies, which mainly include compulsory stock of €363 million;
- advances to suppliers in the amount of about €213 million, mainly attributable to the Fincantieri group;
- payments on account in respect of withholding tax on interest earned on postal passbook savings accounts issued by the parent company in the amount of about €103 million.

LIABILITIES

DUE TO BANKS – ITEM 10

(thousands of euros)

DUE TO BANKS: COMPOSITION BY TYPE

	30-06-15	31-12-14
1. Due to central banks	**4,676,979**	**5,597,974**
2. Due to banks	**16,899,379**	**16,210,906**
2.1 Current accounts and demand deposits	268,202	238,618
2.2 Fixed-term deposits	2,055,234	1,927,773
2.3 Loans	14,488,727	13,969,298
2.3.1 Repurchase agreements	2,677,311	1,566,210
2.3.2 Other	11,811,416	12,403,088
2.4 Liabilities in respect of commitments to repurchase own equity instruments		
2.6 Other payables	87,216	75,217
Total	**21,576,358**	**21,808,880**

With regard to the funding through the European Central Bank (ECB), during the first half of 2015 the ECB three-year loan (LTRO) expired for a total amount of €4.8 billion. This amount was almost entirely refinanced by the Parent Company by participation in the ECB short-term (MRO) auctions for a total amount of 4 billion and through €0.7 billion from the TLTRO line, bringing the total stock to around €4.7 billion.

Fixed-term deposits mainly refer to the balance on postal passbook accounts and postal savings bonds held by banks, and cash collateral under credit support annexes securing the counterparty risk on derivatives (cash collateral).

For the Parent Company, payables for loans mainly consist of repurchase agreements (about €2.7 billion) and credit facilities disbursed by the EIB (about €4.2 billion) and by KFW (about €0.3 billion). The remainder is composed of bank loans to the other Group companies.

DUE TO CUSTOMERS – ITEM 20

(thousands of euros)

DUE TO CUSTOMERS: COMPOSITION BY TYPE

	30-06-15	31-12-14
1. Current accounts and demand deposits	6,274	450
2. Fixed-term deposits	308,737,196	288,545,537
3. Loans	3,282,675	1,413,495
3.1 Repurchase agreements	2,895,819	975,393
3.2 Other	386,856	438,102
4. Liabilities in respect of commitments to repurchase own equity instruments		
5. Other payables	6,279,334	6,297,203
Total	**318,305,479**	**296,256,685**

This items mainly consists of the balance at 30 June 2015 of the passbook savings accounts and the postal savings bonds of around €252 billion, and the Parent Company's short-term funding, associated with its management of the liquidity of the MEF (OPTES), amounting to €54 billion (which had a balance of €38 billion at the end of 2014). The item also includes the stock of the Government Securities Amortisation Fund, whose management was transferred to CDP by the MEF from 1 January 2015 and which had a stock of around €2.6 billion at 30 June 2015, in addition to the stock of repurchase agreements (around €2.9 billion).

The sub-item "Other payables" mainly regards amounts not yet disbursed on loans being repaid granted by CDP to public entities and public-law bodies.

SECURITIES ISSUED – ITEM 30

(thousands of euros)

SECURITIES ISSUED: COMPOSITION BY TYPE

	Banking group	Insurance group	Other entities	30-06-15	31-12-14
A. Securities					
1. Bonds	10,947,261	507,432	18,499,879	29,954,572	26,404,220
1.1 structured	49,382			49,382	52,734
1.2 other	10,897,879	507,432	18,499,879	29,905,190	26,351,486
2. Other securities	314,253			314,253	510,695
2.1 structured					
2.2 other	314,253			314,253	510,695
Total	**11,261,514**	**507,432**	**18,499,879**	**30,268,825**	**26,914,915**

For the Banking Group, the figure for securities issued at 30 June 2015, amounting to €11.3 billion, mainly relates to the bonds issued by the Parent Company under the Euro Medium Term Notes programme, with a stock of around €9.5 billion. During the first half of 2015, the Parent Company carried out new issues under the Euro Medium Term Notes programme for a total nominal value of €1 billion.

The figure for the Banking Group also includes the first retail bonds issued by the Parent Company in March 2015 for €1.5 billion. The remainder is represented by the stock of commercial paper, totalling around €0.3 billion, issued by the Parent Company under the “Multi-Currency Commercial Paper Programme”.

The securities issued of the Insurance Group relate to the perpetual subordinated bond issue, amounting to €500 million, issued by SACE in January. This is a perpetual issue that can be redeemed by the issuer after 10 years and subsequently at each coupon date. The issue was reserved to institutional investors.

The securities issued of other entities, amounting to around €18.5 billion, relate to the bond placements of SNAM (around €10.8 billion) and Terna (around €7 billion).

FINANCIAL LIABILITIES HELD FOR TRADING – ITEM 40

(thousands of euros)

FINANCIAL LIABILITIES HELD FOR TRADING: COMPOSITION BY TYPE

	30-06-15	31-12-14
A. On-balance-sheet liabilities		
1. Due to banks		
2. Due to customers		
3. Debt securities		
3.1 Bonds		
3.1.1 Structured		
3.1.2 Other		
3.2 Other securities		
3.2.1 Structured		
3.2.2 Other		
Total A		
B. Derivatives		
1. Financial derivatives	**450,370**	**398,819**
1.1 Trading	208,776	108,845
1.2 Associated with fair value option		
1.3 Other	241,594	289,974
2. Credit derivatives		
2.1 Trading		
2.2 Associated with fair value option		
2.3 Other		
Total B	**450,370**	**398,819**
Total (A+B)	**450,370**	**398,819**

The item is mainly composed of the derivatives of SACE and the Parent Company, with the latter relating to the option component of bonds indexed to baskets of shares, which was separated from the host contract.

HEDGING DERIVATIVES – ITEM 60

(thousands of euros)

HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE

	30-06-15	31-12-14
A. Financial derivatives	**1,114,449**	**2,639,110**
1) Fair value	976,999	2,554,616
2) Cash flow	137,450	84,494
3) Investment in foreign operations		
B. Credit derivatives		
1) Fair value		
2) Cash flow		
Total	**1,114,449**	**2,639,110**

The item reports derivatives transactions carried out to hedge the exposure to changes in fair value and in cash flows that at the end of the period had a negative value.

ADJUSTMENT OF FINANCIAL LIABILITIES HEDGED GENERICALLY - ITEM 70

(thousands of euros)

VALUE ADJUSTMENTS OF HEDGED FINANCIAL LIABILITIES

	30-06-15	31-12-14
1. Positive adjustments of financial liabilities	44,839	47,922
2. Negative adjustments of financial liabilities		
Total	**44,839**	**47,922**

This item reports the net change in the value of the postal savings bonds issued by the parent company, which have been portfolio hedged generically against interest rate risk. The hedging relationship was interrupted in 2009 in view of the closure of the hedging derivatives. The change in the fair value of the hedged bonds, determined up to the date of the validity of the hedging relationship, was subsequently accounted for on the basis of the amortised cost of the bonds.

OTHER LIABILITIES – ITEM 100

(thousands of euros)

OTHER LIABILITIES: COMPOSITION

	Banking group	Insurance group	Other entities	30-06-15	31-12-14
Items being processed	24,187	6,337		30,524	101,019
Amounts due to employees	5,477	3,277	93,096	101,850	119,920
Charges for postal funding service	468,138			468,138	901,119
Tax payables	102,986	3,731	110,731	217,448	462,902
Construction contracts	11,550		374,456	386,006	551,468
Trade payables	3,572	36,071	3,819,486	3,859,129	4,090,159
Due to social security institutions	154	2,151	100,667	102,972	101,158
Accrued expenses and deferred income		4,118	373,403	377,521	372,864
Other items of insurance companies		15,507		15,507	31,114
- liabilities for premiums to be reimbursed		*26*		*26*	*14*
- premium deposits					
- processing expenses		*11*		*11*	*37*
- collections from factoring being processed		*15,470*		*15,470*	*31,063*
Other	98,828	38,171	1,187,745	1,324,744	1,557,564
Total	**714,892**	**109,363**	**6,059,584**	**6,883,839**	**8,289,287**

For the banking group, the main items under this heading are:

- the payable to Poste Italiane S.p.A. of €468 million, in respect of the unpaid portion at 30 June 2015 of commissions for funding with postal savings products;
- tax payables totalling about €103 million, mainly regarding the tax on interest paid on postal savings products.

With regard to other Group entities, the item mainly regards trade payables of the Terna group of €2,112 million, the SNAM group of €617 million and the Fincantieri group of €1,017 million. Liabilities in respect of construction contracts, equal to about €386 million, report the excess of advances received over the value of the contracts completed.

PROVISIONS – ITEM 120

(thousands of euros)

PROVISIONS: COMPOSITION

	Banking group	Insurance group	Other entities	30-06-15	31-12-14
1. Company pension plans		**721**		**721**	**1,845**
2. Other provisions	**10,107**	**172,910**	**2,579,771**	**2,762,788**	**2,997,448**
2.1 legal disputes	1,518	2,727	87,780	92,025	67,962
2.2 staff costs	4,943	3,329	148,493	156,765	184,000
2.3 other	3,646	166,854	2,343,498	2,513,998	2,745,486
Total	**10,107**	**173,631**	**2,579,771**	**2,763,509**	**2,999,293**

The item 2.3 "other", amounting to around €2,514 million, mainly consists of:

- around €995 million for the subsidiary Fintecna, whose activities include the management of complex liquidation proceedings and the detailed and flexible management of the associated litigation. The provisions mainly regard risks associated with litigation, reclamation and conservation of property sites, and other real estate risks, as well as provisions for commitments in respect of contracts;
- €993 million for the companies of the SNAM group. They include the provision for the dismantling and reclamation of sites, mainly arising from charges expected to be incurred for the removal of structures and reclamation of natural gas storage and transport sites, the provision for environmental risks and charges, which mainly comprises the charges for the environmental reclamation of the soil, in accordance with Law 471/1999 as amended, primarily for the disposal of solid waste, related to the distribution of natural gas, and the provision for risks for legal disputes to cover the costs the Company expects to incur for pending legal actions.

TECHNICAL PROVISIONS – ITEM 130

(thousands of euros)

TECHNICAL PROVISIONS: COMPOSITION

	Direct business	Indirect business	Total 30-06-15	Total 31-12-14
A. Non-life insurance	**2,197,113**	**78,980**	**2,276,093**	**2,294,435**
A1. Provision for unearned premiums	1,594,234	71,780	1,666,014	1,647,319
A2. Provision for outstanding claims	601,717	7,200	608,917	646,200
A3. Other	1,162		1,162	916
B. Life insurance				
B1. Mathematical reserves				
B2. Provision for claims outstanding				
B3. Other				
C. Technical provisions where the investment risk is borne by the insured				
C1. Reserves for contracts whose benefits are linked to investment funds and market indices				
C2. Reserves from the operation of pension funds				
D. Total technical provisions	**2,197,113**	**78,980**	**2,276,093**	**2,294,435**

GROUP EQUITY – ITEMS 140, 170, 180, 190, 210 AND 220

The share capital of €3,500,000,000 at 30 June 2015 is fully paid up and composed of 296,450,000 ordinary shares with no par value.

At 30 June 2015, the Parent Company held 4,451,160 treasury shares with a value of €57,220,116.

SHARE CAPITAL - NUMBER OF SHARES OF THE PARENT COMPANY: CHANGE FOR THE YEAR

	Ordinary	Other
A. Shares at start of the period	**296,450,000**	
- fully paid	296,450,000	
- partly paid		
A.1 Treasury shares (-)	(4,451,160)	
A.2 Shares in circulation: opening balance	**291,998,840**	
B. Increases		
B.1 New issues		
- for consideration:		
- business combinations		
- conversion of bonds		
- exercise of warrants		
- other		
- bonus issues:		
- to employees		
- to directors		
- other		
B.2 Sale of own shares		
B.3 Other changes		
C. Decreases		
C.1 Cancellation		
C.2 Purchase of own shares		
C.3 Disposal of companies		
C.4 Other changes		
D. Shares in circulation: closing balance	**291,998,840**	
D.1 Treasury shares (+)	4,451,160	
D.2 Shares at end of the period	**296,450,000**	
- fully paid	296,450,000	
- partly paid		

Group equity at 30 June 2015 amounted to about €21,639 million, while non-controlling interests stood at about €13,812 million.

(thousands of euros)

GROUP EQUITY: COMPOSITION

	30-06-15	31-12-14
1. Share Capital	3,500,000	3,500,000
2. Share premium reserve		
3. Reserves	15,911,265	15,538,120
4. Treasury shares (-)	(57,220)	(57,220)
5. Valuation reserves	1,851,136	1,232,089
6. Equity instruments		
7. Income (loss) for the period	433,825	1,158,307
Total	**21,639,006**	**21,371,296**

INFORMATION ON THE INCOME STATEMENT

INTEREST – ITEMS 10 AND 20

(thousands of euros)

INTEREST INCOME AND SIMILAR REVENUES: COMPOSITION

	Debt securities	Loans	Other	30-06-15	30-06-14
1 Financial assets held for trading	1,713			**1,713**	**7,066**
2 Financial assets at fair value	1,490			**1,490**	**1,366**
3 Financial assets available for sale	47,517			**47,517**	**48,967**
4 Financial assets held to maturity	476,973	3		**476,976**	**480,279**
5 Loans to banks		157,337	1	**157,338**	**196,144**
6 Loans to customers	70,759	2,303,736		**2,374,495**	**3,007,553**
7 Hedging derivatives	x	x			
8 Other assets	x	x	8,044	**8,044**	**18,449**
Total	**598,452**	**2,461,076**	**8,045**	**3,067,573**	**3,759,824**

Interest income in the first half of 2015 was generated primarily by:

- loans with banks of about €157 million;
- loans with customers of about €1,841 million;
- liquidity held by the Parent Company with the Central State Treasury, c/a no. 29814, in the amount of about €462 million;
- debt securities in the amount of about €598 million.

(thousands of euros)

INTEREST EXPENSE AND SIMILAR CHARGES: COMPOSITION

	Payables	Securities	Other	30-06-15	30-06-14
1 Due to central banks	1,770	x		**1,770**	**19,961**
2 Due to banks	78,997	x		**78,997**	**77,987**
3 Due to customers	2,339,964	x		**2,339,964**	**2,590,140**
4 Securities issued	x	423,954		**423,954**	**389,817**
5 Financial liabilities held for trading					
6 Financial liabilities at fair value					
7 Other liabilities and funds	x	x	12,207	**12,207**	**10,078**
8 Hedging derivatives	x	x	2,205	**2,205**	**50,991**
Total	**2,420,731**	**423,954**	**14,412**	**2,859,097**	**3,138,974**

Interest expense on amounts due to banks and customers mainly regards interest on the postal funding of the Parent Company, totalling about €2,343 million.

Interest on securities issued essentially related to interest on bonds and amounted to about €424 million.

The negative differences on hedges amounted to about €2 million.

COMMISSIONS - ITEMS 40 AND 50

(thousands of euros)

COMMISSION INCOME: COMPOSITION

	30-06-15	30-06-14
a) guarantees issued	4,031	2,717
b) credit derivatives		
c) management, intermediation and advisory services:	1,025	5,070
1. trading in financial instruments		
2. foreign exchange		
3. asset management	1,025	5,070
3.1. individual		
3.2. collective	1,025	5,070
4. securities custody and administration		
5. depository services		
6. securities placement		
7. order collection and transmission		
8. advisory services		
8.1. concerning investments		
8.2. concerning financial structure		
9. distribution of third-party services		
9.1 asset management		
9.1.1. individual		
9.1.2. collective		
9.2. insurance products		
9.3. other		
d) collection and payment services		
e) servicing activities for securitisations		
f) services for factoring transactions	4,272	5,956
g) tax collection services		
h) management of multilateral trading systems		
i) holding and management of current accounts		
j) other services	32,364	31,386
Total	**41,692**	**45,129**

Commission income earned during the first half of 2015 amounted to about €42 million.

The commissions earned by the parent company, of about €26 million, mainly relates to services associated with lending activities.

The commissions earned by the other Group companies amounted to about €16 million and mainly related to the management of financial support funds and venture capital funds (SIMEST), the management of portfolios (CDPI SGR), and factoring services (SACE Fct).

(thousands of euros)

COMMISSION EXPENSE: COMPOSITION

	30-06-15	30-06-14
a) guarantees received	6,922	8,328
b) credit derivatives		
c) management and intermediation services:	880,611	883,052
1. trading in financial instruments		
2. foreign exchange		
3. asset management:		
3.1 own portfolio		
3.2 third-party portfolio		
4. securities custody and administration		
5. placement of financial instruments	880,611	883,052
6. off-premises distribution of securities, products and services		
d) collection and payment services	978	749
e) other services	6,153	3,100
Total	**894,664**	**895,229**

Commission expense in the first half of 2015 amounted to about 895 million.

This item mainly regards the charge for the period, equal to about €871.5 million, of the remuneration paid by the parent company to Poste Italiane S.p.A. for managing postal funding.

The agreement between CDP and Poste Italiane S.p.A. modifies the fee structure and no longer provides for a commission directly attributable to the issue of new postal bonds, but rather a comprehensive fee for the activities involved in providing the service, which is fully expensed in the year in which it accrues. The fee structure is consistent with the developments in the service provided by Poste Italiane S.p.A., which now emphasises the overall management of postal savings rather than merely providing placement services. In December 2014 the new Agreement was signed which will remain in force for the period 2014-2018. The agreement provides for new investments in technology, communication, promotion and training, in order to innovate and expand the services offered in relation to Postal Savings.

DIVIDENDS AND SIMILAR REVENUES – ITEM 70

The figure at 30 June 2015, of about €3 million, mainly regards dividends received by FSI in respect of its stake in Assicurazioni Generali S.p.A..

NET GAIN (LOSS) ON TRADING ACTIVITIES – ITEM 80

The net gain (loss) on trading activities was a gain of about €288 million.
The result reflected the exchange differences, representing a gain of €115 million, and the result from trading derivatives, which generated a net gain of €110 million.

GAINS (LOSSES) ON DISPOSAL OR REPURCHASE - ITEM 100

The figure at 30 June 2015, of about €377 million, mainly regards the gains recorded by the Parent Company (around €218 million) on the disposals of debt securities held under assets available for sale, and by Fondo Strategico Italiano, of about €136 million, from the sale of the shares of Assicurazioni Generali.
The positive balance of the penalties received by the parent company for the early repayment of mortgages contributed the remainder.

NET IMPAIRMENT ADJUSTMENTS - ITEM 130

The balance, totalling a positive €8.7 million, refers to the net balance between writedowns and writebacks on loans, financial assets available for sale and other financial transactions, both specific and general.

Writebacks from interest concern writebacks connected with the passage of time, arising from the accrual of interest during the year based on the original effective interest rate used in calculating the writedown.

(thousands of euros)

NET IMPAIRMENT ADJUSTMENTS OF LOANS: COMPOSITION

	Writedowns			Writebacks				30-06-15	30-06-14
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Other		A	B	A	B		
A. Loans to banks							**7,208**	**7,208**	**(1,057)**
- Loans							7,208	7,208	(1,057)
- Debt securities									
B. Loans to customers	**(49)**	**(10,126)**	**(4,106)**	**189**	**5,961**		**1,756**	**(6,375)**	**(23,527)**
Purchased impaired receivables									
- Loans			X				X		
- Debt securities			X				X		
Other receivables	(49)	(10,126)	(4,106)	189	5,961		1,756	(6,375)	(23,527)
- Loans	(49)	(8,912)	(4,106)	189	5,961		1,756	(5,161)	(23,405)
- Debt securities		(1,214)						(1,214)	(122)
C. Total	**(49)**	**(10,126)**	**(4,106)**	**189**	**5,961**		**8,964**	**833**	**(24,584)**

Key
A = Interest
B = Other writebacks

(thousands of euros)

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION

	Writedowns		Writebacks		30-06-15	30-06-14
	Specific		Specific			
	Writeoffs	Other	From interest	Other		
A. Debt securities						
B. Equity securities		(27)	X	X	(27)	
C. Units in collective investment undertakings			X			
D. Loans to banks						
E. Loans to customers		(135)			(135)	(100)
F. Total		**(162)**			**(162)**	**(100)**

(thousands of euros)

NET IMPAIRMENT ADJUSTMENTS OF OTHER FINANCIAL TRANSACTIONS: COMPOSITION

	Writedowns			Writebacks				30-06-15	30-06-14
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Other		A	B	A	B		
A. Guarantees issued					45		51	96	(87)
B. Credit derivatives									
C. Commitments to disburse funds			(118)		5,057		3,011	7,950	(2,171)
D. Other transactions									
E. Total			**(118)**		**5,102**		**3,062**	**8,046**	**(2,258)**

Key:
A = Interest
B = Other writebacks

NET PREMIUM INCOME – ITEM 150

The balance at 30 June 2015, which shows a gain of 218 million, is entirely attributable to the premium funding of the insurance companies of the SACE Group.

(thousands of euros)

NET PREMIUM INCOME: COMPOSITION

	Direct business	Indirect business	Total 30/06/2015	Total 30/06/2014
A. Life insurance				
A.1 Gross premiums written (+)				
A.2 Premiums ceded in reinsurance (-)		X		X
A.3 Total				
B. Non-life insurance				
B.1 Gross premiums written (+)	233,644	9,850	243,494	169,760
B.2 Premiums ceded in reinsurance (-)	(19,601)	X	(19,601)	(10,692)
B.3 Change in gross unearned premium reserve (+/-)	(12,939)	(6,939)	(19,878)	94,793
B.4 Change in reinsurer's share of provision for unearned reserves (-/+)	13,698		13,698	(240)
B.5 Total	214,802	2,911	217,713	253,621
C. Total net premiums	**214,802**	**2,911**	**217,713**	**253,621**

NET OTHER INCOME (EXPENSE) FROM INSURANCE OPERATIONS – ITEM 160

The balance at 30 June 2015, representing an expense of 34 million, reflects the change in technical provisions other than the unearned premium provision, as well as other income and expense directly connected with the insurance operations of the insurance companies of the SACE Group.

(thousands of euros)

NET OTHER INCOME (EXPENSE) FROM INSURANCE ACTIVITIES: COMPOSITION

	30-06-15	30-06-14
1. Net change in technical provisions	(2,902)	(107)
2. Accrued claims paid during the year	(21,928)	178,760
3. Other income and charges from insurance operations	(9,344)	(10,366)
Total	**(34,174)**	**168,287**

STAFF COSTS – ITEM 180A

(thousands of euros)

STAFF COSTS: COMPOSITION

	Banking group	Insurance group	Other entities	30-06-15	30-06-14
1) Employees	**34,042**	**32,671**	**775,627**	**842,340**	**775,291**
a) wages and salaries	22,836	20,070	537,955	580,861	524,732
b) social security contributions	150	4,158	70,529	74,837	69,490
c) severance pay	3	166	24,948	25,117	15,977
d) pensions	6,855	2,168	109,323	118,346	114,465
e) allocation to staff severance pay provision	972	442	2,568	3,982	5,155
f) allocation to provision for pensions and similar liabilities:		131		131	
- defined contribution		131		131	
- defined benefit					
g) payments to external pension funds:	1,057	942	11,014	13,013	21,468
- defined contribution	1,057	942	9,839	11,838	20,202
- defined benefit			1,175	1,175	1,266
h) costs arising from share-based payment arrangements					
i) other employee benefits	2,169	4,594	19,290	26,053	24,517
l) recovery remuneration for seconded employees					(513)
2) Other personnel in service	**52**	**277**	**2,801**	**3,130**	**2,245**
3) Board of Directors and Board of Auditors	**740**	**341**	**9,184**	**10,265**	**7,254**
4) Retired personnel					
Total	**34,834**	**33,289**	**787,612**	**855,735**	**784,790**

OTHER ADMINISTRATIVE EXPENSES – ITEM 180B

(thousands of euros)

OTHER ADMINISTRATIVE EXPENSES: COMPOSITION

	Banking group	Insurance group	Other entities	30-06-15	30-06-14
IT costs	8,985	3,271	43,976	56,232	63,817
General services	3,091	885	279,313	283,289	254,428
Industrial management goods and services costs			1,489,015	1,489,015	1,228,665
Professional and financial services	3,745	4,263	158,493	166,501	192,704
Advertising and marketing	6,361	697	10,251	17,309	13,642
Other personnel costs	656	905	12,735	14,296	15,397
Utilities, duties and other expenses	4,375	2,863	82,314	89,552	103,781
Information resources and databases	8	2,355	214	2,577	2,423
Corporate bodies	206		300	506	543
Total	**27,427**	**15,239**	**2,076,611**	**2,119,277**	**1,875,400**

NET PROVISIONS – ITEM 190

(thousands of euros)

NET PROVISIONS: COMPOSITION

	Provisions	Releases due to surplus	30-06-15
Litigation	(4,184)	19,045	14,861
Sundry personnel costs	(1,656)	778	(878)
Tax disputes	(29)		(29)
Other risks and charges	(33,931)	54,557	20,626
Total	**(39,800)**	**74,380**	**34,580**

Net provisions are mainly attributable to the companies grouped under other entities, notably Fintecna Group, in relation to the management of liquidation proceedings and significant litigation.

NET ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT – ITEM 200

(thousands of euros)

NET ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT

	Banking group	Insurance group	Other entities	30-06-15
A. Property, plant and equipment				
A.1 Owned	(2,214)	(939)	(627,092)	(630,245)
- Operating assets	(2,214)	(939)	(627,092)	(630,245)
- Investment property				
A.2 Acquired under finance leases			(512)	(512)
- Operating assets			(512)	(512)
- Investment property				
Total	**(2,214)**	**(939)**	**(627,604)**	**(630,757)**

The balance of this item mainly relates to depreciation of property, plant and equipment of the companies of the Terna group and the SNAM group.

NET ADJUSTMENTS OF INTANGIBLE ASSETS – ITEM 210

(thousands of euros)

NET ADJUSTMENTS OF INTANGIBLE ASSETS: COMPOSITION

	Banking group	Insurance group	Other entities	30-06-15
A. Intangible assets				
A.1 Owned	(1,081)	(758)	(222,306)	(224,145)
- Internally generated		(671)	(10,160)	(10,831)
- Other	(1,081)	(87)	(212,146)	(213,314)
A.2 Acquired under finance leases				
Total	**(1,081)**	**(758)**	**(222,306)**	**(224,145)**

The adjustments of intangible assets, relating entirely to amortisation, mainly refer to the Terna group (about €21 million) and the SNAM group (about €177 million).

OTHER OPERATING INCOME (COSTS) – ITEM 220

(thousands of euros)

OTHER OPERATING COSTS: COMPOSITION

	Banking group	Insurance group	Other entities	30/06/2015	30/06/2014
Operating costs in respect of supply chain					
Settlements of litigation					
Depreciation of leasehold improvements			569	569	409
Other	98	4,509	39,524	44,131	40,625
Total	**98**	**4,509**	**40,093**	**44,700**	**41,034**

(thousands of euros)

OTHER OPERATING INCOME: COMPOSITION

	Banking group	Insurance group	Other entities	30-06-15	30-06-14
Income from adjustment of liability items					
Income for corporate offices paid to employees	43		383	426	1,402
Sundry reimbursements					
Recovery of expenses	239	84	1,087	1,410	4,320
Insurance indemnities					2,051
Rent and other income from real estate operations		403	13,244	13,647	17,447
Revenues from industrial operations			5,139,545	5,139,545	4,823,426
Other	334	4,436	41,888	46,658	32,962
Total	**616**	**4,923**	**5,196,147**	**5,201,686**	**4,881,608**

"Other operating costs and income" at 30 June 2015 showed net income of about €5,157 million. They mainly show the income earned by the Terna group (about €1,001 million), by the SNAM group (about €1,956 million) and by the Fincantieri group (about €2,183 million).

GAINS (LOSSES) ON EQUITY INVESTMENTS – ITEM 240

The item, which amounted to a positive €112 million, reports the measurement using the equity method of companies subject to significant influence or joint ventures.

The main contributions came from the investments in:

- ENI in the amount of about €54 million;
- TIGF Holding S.A.S. in the amount of about €22 million;
- Toscana Energia S.p.A. in the amount of about €10 million;
- SIA S.p.A. in the amount of €11 million.

RISK MONITORING

CDP's risk policies are established by the Board of Directors (BoD) acting on a recommendation of the Chief Executive Officer. The BoD approves the Risk Policy, which is updated semi-annually and includes the Risk Management Rules and the related documents, each of which focuses on a specific category of risks (e.g. interest rate risk) or area exposed to those risks (e.g. treasury operations and investment in securities). The Risk Policy is the key tool used by the BoD to set CDP's risk appetite, the thresholds of tolerance, the risk limits, the risk governance policies and the overall framework of organisational processes.

The guidelines governing CDP's risk management policies are summarised in the Risk Management Rules and they envisage:

- the separation of roles and responsibilities in the assumption and control of risks;
- organisational independence of risk control from the operational management of risks;
- rigorous risk measurement and control systems.

The Chief Risk Officer (CRO), who reports directly to the CEO, is responsible for the governance of all types of risk and the clear representation to the CEO and to the Board of Directors of CDP's overall risk profile and solidity. As part of this mandate, the CRO coordinates the Risk Management and Anti-Money Laundering (RMA) activities of the Compliance Service and of the Credit Area, focusing on determining the creditworthiness of counterparties. The Compliance Service also reports functionally to the Chairman of the Board of Directors. The CRO is responsible for the development and architecture of the risk monitoring and management activities.

Risk monitoring activities are the responsibility of Risk Management and Anti-Money Laundering Area, the head of which reports directly to the CRO. Seven services report to the Head of RMA:

- Financial Engineering and Fair Value Measurement
- Market and Liquidity Risks (ALM)
- Credit and Counterparty Risk

- Risks associated with equity investments
- Operational risks
- Loan monitoring and control
- Anti-Money Laundering

The Head of the Equity Investments Risk Service is also attributed the role of coordinating risk management at group level.

The Risk Committee[33], which took its current form in 2010, is a collegial body that provides technical information and advice to the Chief Executive Officer and provides opinions on issues concerning CDP's overall risk policy and the operational assessment of particularly large risks. The Risk Committee is also responsible for issuing opinions on transactions for which a second opinion is required or that otherwise involve a significant impact on operations (in support of and in accordance with the BoD's powers).

Risk management, anti-money laundering and compliance duties are among the functions for which CDP performs management and coordination activities within the Group.

1. Credit risk

Following the creation of the role of the CRO – Chief Risk Officer, in early 2015 the BoD approved an update to the Lending Rules. In particular, this concerned the revision of the lending process with the refocussing of the functions of the Credit Committee and Risk Committee, as well as the introduction of consultations with the CRO in predetermined cases. As a result, the Risk Committee assumed exclusive responsibility for new products, examining all aspects of their compliance with the law and articles of association, feasibility, manageability and associated risks.
For the post-agreement phase, we have strengthened the monitoring of loan performance, laid down rules on the specialist management of debt restructuring operations, and created a new structure for the process of classifying and measuring problem loans.

33 This refers to the Risk Committee comprising the Chief Executive Officer, Chief Legal Officer, Chief Operating Officer, Chief Financial Officer and Chief Risk Officer, and not the Board of Directors' committee of the same name.

As part of the expansion of CDP's activities for supporting exports and the internationalisation of Italian enterprises, the policies on assuming Country Risk have also been redefined.

The Credit Area contributes to defining credit policies and ensures their coherence, the acceptable risk profile and CDP's lending targets. The Credit Area's responsibilities include assessing the creditworthiness of counterparties and investment projects, allocation and updating, ensuring compliance with reproducibility and standardisation requirements, internal ratings and estimating loss given default, expressing opinions on financing lending transactions, monitoring the performance of lending positions, monitoring problem loans and coordinating the activities of the Credit Committee. The RMA Area is responsible for quantifying the economic capital needed to cover credit risk, for the methods for calculating risk-adjusted pricing, for monitoring risk-adjusted returns, and for identifying exposure concentrations. The RMA Area also monitors the overall risk performance of the loan portfolio, also for the purpose of proposing any risk mitigation measures needed.

Credit risk arises primarily in relation to lending activities – both under the Separate Account and the Ordinary Account – and, on a secondary level, in hedging derivatives and securities financing (see the next section on counterparty risk).

The Separate Account, which is primarily exposed to central government and local authorities, has in recent years seen steady growth in exposures to banking groups operating in Italy (for business support programmes, mainly for SMEs, and the residential real estate market). Exposures to private-sector parties involved in public interest projects promoted by public entities are still limited, even if this segment of the portfolio includes a number of important operations in the infrastructure sector. The Separate Account may also have a role in energy efficiency projects and in loans granted to support international development cooperation activities. For exposures to the banking system, CDP can benefit from specific forms of State guarantee, as in the case of the fund for the post-earthquake reconstruction in Emilia Romagna, Veneto and Lombardy, and following the flood in Sardinia. However, the Ordinary Account mainly grants corporate and project financing for initiatives involving the delivery of public services. The Ordinary Account can also finance investments in research, development, innovation, protection and enhancement of cultural heritage, promotion of tourism, environment and energy efficiency and green economy.

The changes in the economic and financial environment have influenced the granting of credit by CDP. In particular, public finance restrictions have reduced demand for new loans by Public Entities and programmes for the renegotiation of the debts of regional and local authorities have been implemented. Under the Separate Account, activities to support the economy continued, provided primarily through the banking system to channel postal savings to stimulate and sustain medium-long term lending to small and medium enterprises and residential property buyers.

Partly as a result of monetary policy changes and market performance, in the Ordinary Account the larger enterprises showed greater ease in accessing capital markets and bank loans at favourable conditions.

CDP uses a validated proprietary model to calculate portfolio credit risk. Using the same system, The “Credit and Counterparty Risk” Service has also calculated the economic capital associated with the entire loan portfolio, with the sole exception of positions associated with Country Risk.
Within the RMA Area, the “Loan Monitoring and Control” Service is responsible for second-level loan monitoring on individual transactions/positions and supervising the internal ratings system.
The Watch List tool became fully operational in the first half of 2015, identifying a group of positions that are performing but have a particularly critical credit risk profile. These positions were then subjected to more stringent monitoring and in some cases action was taken to mitigate the situation.
CDP’s risk policies include a system of limits and guidelines on the composition of the loan portfolio, set out in relation to CDP’s assets according to the credit rating of each counterparty, with more rigorous levels as the rating and recovery rate decrease, according to proportions based on the extent of capital being used.
RMA’s monitoring of credit risk includes stress tests on the loan portfolio, based on assumptions of generalised downgrades of the counterparties in the portfolio, increased probability of default, decreased recovery rates and increased correlation parameters.

In the internal rating assignment process, CDP makes use of rating models developed by specialised external providers, which are applied as benchmark instruments and are broken down by CDP’s major customer types on the basis of size, legal form and industry. The rating scale adopted by CDP, in line with those of the rating agencies, is divided into 21 classes, of which 10 refer to “investment grade” positions and 11 to “speculative grade” positions; there is

one class for counterparties in default. Default is defined in accordance with supervisory regulations issued by the Bank of Italy for banks.
The internal estimates of Loss Given Default take into account the different types of guarantees, as well as recovery times, and are differentiated by category of customer.
The internal rating system is used in the loan approval process (for private individuals also in the setting of risk-adjusted prices), for monitoring loan performance, to calculate general provisions, within the limits framework and to measure the use of capital. The risk assessment assigned to the counterparty is updated at least annually, and in any case is reviewed during the year whenever events occur or information is acquired that significantly affect the credit rating.

2. Counterparty risk

In order to mitigate counterparty risk in derivatives transactions, new transactions are only permitted with counterparties with whom a master netting agreement is in place (compliant with the ISDA 2002 standard) supported by Credit Support Annexes ("CSA"), which provide for the exchange of collateral.
During the first half of 2015, the negotiation of amendments to some existing CSAs continued, increasing the frequency of calculation and settlement and thereby enhancing their effectiveness in containing the exposure.
To mitigate the risk in respect of securities financing activities, the majority of the repurchase transactions were carried out by the central counterparty Cassa di Compensazione e Garanzia, backed by solid counterparty risk protection mechanisms. In addition, during the half year another framework netting arrangement that provides for the exchange of collateral was signed (Global Master Repurchase Agreement - GMRA, according to the ISMA 2000 standard).

3. Interest rate risk

The interest rate risk profile that CDP is exposed to is not immediately comparable to that normally found in the banking world, mainly because of the early repayment option embedded in postal savings bonds (BFP). The issue of postal savings bonds indexed to consumer prices also exposes CDP to inflation risk, which is measured and managed in the same manner as interest rate risk.
This complex risk profile is monitored using models and methodologies that CDP has developed over time, also leveraging the significant knowledge base of historical data on trends in repayments and subscriptions, which involve a multi-layered measurement approach.

This approach has three different dimensions:

- the different manifestations of interest rate risk, economic value (in its various components) and interest income risk.
- the use of different levels of resolution analysis, translated into a daily horizon to have a passable level of backtesting and to provide prompt operational guidelines, and on an annual horizon to quantify economic capital; the two levels of resolution analysis are interconnected and reflect a single methodological approach in terms of risk factors and assessment systems;
- accompanying static analysis (on current financial statement amounts) with a dynamic analysis that looks at the prospective funding and lending volumes.

The evolution of the macroeconomic and financial background in the early part of the first half of 2015 saw a further reduction in rates, both in IRSs and Italian government rates, which fell to near record lows and even to negative territory for the shortest maturities. This situation puts pressure on CDP's profitability in 2015 and required ALM corrections to contain the interest rate exposure[34] of the portfolio (which fell from 25.2 million in 2014 to 21.2 million at 31/03/15).

The rise in the IRS and BTP curves from mid April 2015, the renegotiation of loans to the Regions – for which the take-up was high – and the purchases of MEF bonds (in the form of private issues) and government securities to rebalance the 2015 income statement, significantly reduced the interest rate exposure in the second part of the period, which at 30/06/2015 was +2.1 million. The renegotiation of the loans to the Provinces and Municipalities relative to the first half of 2015 – which has already been concluded but is yet to be fully recognised

34 Defined as the exposure to an increase of 1 basis point in zero-coupon rates across all maturities.

in the loans system – will further reduce the PV01, taking it into negative territory, and because of the longer maturities resulting from the renegotiation of the loans, will make the exposure to changes in interest-rate spreads on different maturities (Slope Sensitivity) close to the manageable limit. This will mean that suitable hedging will be necessary.

Exposure to inflation[35] moved from -2.8 million at the end of 2014 to -2.2 million halfway through the period, above all because of the fall in interest rates, which affects indexed long-term assets (government securities indexed to inflation), before reaching -2.5 million at the end of June 2014.

The impact of interest rates and inflation is also monitored by measuring the impact of parallel movements of 100 basis points in the forward curves of these two risk factors on CDP's economic value. These effects are reported in the following table, correct to the end of the first half of 2015:

(billions of euros)

Change	Effect of interest rate change	Effect of inflation rate change
+100 basis points	(0.219)	(0.24)
-100 basis points	(0.645)	+0.25

In assessing scenarios of parallel rate movements, it is assumed that these cannot be negative values. Measures of exposure to negative movements of 100 basis points on the curves therefore take into account the current very low rates, since the starting value – below 1% for the majority of significant maturities – limits the effective change associated with this scenario. In this context, there was a fall in the use of the BoD's limit on parallel movements in the curve of -100 basis points.

As well as the effects of parallel movements in the interest rate and inflation forward curves, CDP monitors a series of measures of exposure and risk, including the VaR of balance sheet items whose economic value is affected by the rates. During the first half of 2015, the interest and inflation VaR[36], measured on the portfolio of fixed-rate items only, moved from €277 million at the end of 2014 to €553 million at the end of June 2015, in response to the

35 Defined in the same way as exposure to interest rates; see previous note.

36 Ten-day VaR calculated using the filtered historical simulation method.

increase in volatility, seen above all in May and June. As of November 2014, CDP also monitors interest rate and inflation VaR on the entire portfolio of items sensitive to interest rate risk, including items subject to variable interest rates (especially the Treasury Current Account and Passbooks): it moved from €342 million at the end of 2014 to €419 million at the end of the half year.
Lastly, CDP performs stress tests that show the effect, in terms of the economic value of items of the banking portfolio, of different movements in interest rates and of volatility.

4. Liquidity risk

The liquidity buffer on the treasury current account was well above the required limits at the end of the first half of 2015.
The maturity transformation limits adopted by CDP for the Ordinary Account (without retail funding) were met with a significant prudential margin.
In general, in the immediate term there are no tensions on the liquidity front, given the abundant liquidity on the market thanks to the expansionary monetary policy.
During the first half of 2015, the scheduled repayment of the funding obtained through the LTRO[37] was concluded, adjusted bearing in mind the performance of postal funding.
CDP has a Contingency Funding Plan (CFP) that sets out the processes and strategies used to manage possible liquidity crises, whether of systemic origin – caused by an unexpected deterioration in monetary and financial market conditions – or due to idiosyncratic difficulties at CDP itself. The monitoring of early-warning indicators carried out during the first half of 2015 did not reveal any problem issues.

37 *Long Term Refinancing Operation* entered into with the European Central Bank in the first quarter of 2012.

5. Operational risks

During the first half of 2015, loss data collection and measurement of the level of exposure to operational risk continued for the ongoing monitoring of the company risk profile. The results of the assessment will be used in operations to prevent and mitigate operational risk. The loss data collection perimeter also includes near miss events.
The results of the Top Down Risk Assessment on the various areas of business operations were also consolidated by starting an in-depth analysis on the processes/areas found to be most critical. The analysis enabled the assessment of CDP's level of exposure to operational, money laundering, compliance, outsourcing and reputational risk. The knowledge acquired has also been used in the analysis of insurable events in order to identify any gaps in the current insurance coverage.

6. Money laundering and terrorist financing risk

CDP is subject to Italian Legislative Decree 231/2007 and therefore complies with the obligations on customer due diligence and recording information obtained for possible use by investigative bodies or supervisory authorities. In the first half of 2015, the Anti-Money Laundering function performed level II controls on correct performance of these obligations by front-line structures, which did not reveal any significant problems. In addition, in line with the risk-based approach, the Anti-Money Laundering function played a direct role in the process of assessing customers deemed to be at greater risk of money-laundering, contributing to the decision-making process.
Also in the first half of 2015, the active collaboration with the Financial Information Unit resulted in CDP reporting a number of transactions deemed "suspicious" for money laundering or misuse of publicly relevant resources. The exercise also saw the Anti-Money Laundering function particularly involved in projects to ensure the standardisation at CDP Group level of approaches to assessing counterparties by sharing general rules and principles of control. Finally, in accordance with secondary regulations on anti-money laundering, initiatives have been launched for the coordination of customer due diligence and reporting of suspicious transactions that CDP, in its capacity as parent company, is gradually implementing at a number of companies acquired in 2012.

7. Risks connected with equity investments

CDP possesses a sizeable portfolio of equity investments (listed and unlisted) and units in investments funds. The Risk Policy establishes the criteria for measuring and managing the risks associated with equity investments and investment funds, also providing for specific stress tests, with a specific focus on the larger investments in listed companies.

In the first half of 2015, there were no substantial changes in the composition of CDP's portfolio of equity investments. We note the sale of around 2.3% of Snam held via CDP GAS and the €800 million repayment of capital by SACE.

8. Compliance risk

The Compliance Function operates according to a risk-based approach across the company's operations, above all ensuring an effective preventive system, in view of a proactive and dynamic management of risk.

During the first half of 2015, Compliance provided daily monitoring of new national and international regulations, assessing any impacts on company processes.

In operational terms, the Compliance Function also provided consultancy and assistance on *governance* issues, personal data processing, conflicts of interest and related parties, and international sanctions, and also pre-approved all procedures issued during the half year in order to ensure compliance with the relevant regulations.

Also with a view to *ex ante* controls, in the first half of 2015 the Compliance Function participated in the Risk Committee, to assess the compliance of new products with the reference regulatory context and, more generally, managed relations with the Supervisory Authority and financial intermediaries for specific operational aspects (e.g. MiFID, FATCA, Antibribery, Sanctions Compliance, etc.).

Compliance also performed some *ex post* controls, assessing the adequacy of existing organisational systems and the proper application of procedures for the prevention of compliance risk, identifying the relevant corrective actions. In terms of management and coordination, also to be able to report to the Corporate Bodies on the overall level of risk in the CDP Group, in the first half of 2015 the Compliance Function also organised the establishment of an equivalent within the Group companies and continuously coordinated all the Group's Compliance functions, providing advice, issuing operating and methodological guidelines, sharing tools and, at the same time, receiving periodic reporting flows.

9. Reputational Risk

In addition to the Compliance Function overseeing reputational risk arising from violations of regulations (see above section), given CDP's unique nature, there is a particular focus on *ex ante* management of reputational risk. As such, during the first half of 2015, the Compliance and Anti-Money Laundering functions implemented an objective methodology that, on the basis of specific "risk indices" (Country Risk, Counterparty Risk, Sector Risk), makes it possible to assess the reputational risk attached to financing transactions.
The results of this assessment are integrated into the analytical documents of the Business Areas, used to support the consultative function of the Credit Committee. In cases of transactions considered to be of material reputational impact, the Risk Committee will offer an opinion to assist the Decision-Making Body.
On the proposal of the Compliance and Anti-Money Laundering functions, internal rules were drawn up in the first half of 2015 that sets the target of extending the principles of customer due diligence on anti-money laundering to all CDP counterparties, with a particular focus on suppliers.

10. Other material risks

As part of its operations CDP does not undertake trading activities, but it is exposed to market risk other than the equity risk linked to the equity investment portfolio and interest rate and inflation risk related to the banking portfolio.
Specifically, CDP is exposed to equity risk deriving from the issuance of postal savings bonds indexed to the Euro Stoxx 50. This risk is covered by purchasing options that match those embedded in the bonds, bearing in mind the expected repayment profile and the amount expected at maturity at the moment of issue, calculated using estimates from the proprietary model based on the customer's repayment performance.
The notional amount of hedging estimated at issue is subject to periodic review on at least a quarterly basis, in order to ensure that it matches the expected profile, recalibrated to reflect the effective repayments made over time. Given the option of early repayment granted to subscribers, it is in fact possible that the notional amount covered at inception results in overhedging at a given moment in the life of the bond. For this reason, when the financial characteristics of the most recently issued products (payoffs, strikes, initial and final fixing dates) enable the identification of matches with positions already held in the portfolio, the hedging strategy is optimised by using the partially overhedged

amounts on the previous series with the same financial characteristics, provided the payable cash flows arising from the in-the-money exercise of the embedded options are entirely hedged.
The net exposure is valued and monitored also by applying stress scenarios that involve a simultaneous fall in the Euro Stoxx 50 index and the volatility surface. The results of the monitoring and stress tests are used, among other things, in decisions over any existing hedge unwind programmes and to verify the effectiveness of the operational hedges defined as such for EMIR purposes.

CDP can assume exchange rate risk through the issuance and/or purchase of bonds denominated in foreign currency and the granting of loans denominated in foreign currency. In general, CDP undertakes such activities only if covered by appropriate forms of hedging of the exchange rate risk. Bonds issued or purchased in foreign currency or financing provided in currencies other than the Euro are hedged with cross currency swaps, which transform CDP's cash flows into those equivalent to an issue in euros.

11. Monitoring risk in the companies subject to management and coordination

The Management and Coordination Rules establish that:

- risk management activities for the subsidiaries are supervised by the RMA area of the parent company. The RMA area is under the responsibility of the Chief Risk Officer who directly reports to the CEO;
- the subsidiaries agree their rules for assuming risk with CDP prior to their approval; the corporate bodies of the subsidiaries approve the risk management strategies and policies of their companies, ensuring that they are consistent with the parent company's rules for assuming risk. They notify the parent company that its rules have been incorporated in their risk management systems; the parent company's RMA area monitors the appropriate adoption of the new risk assumption rules by the subsidiaries on an ongoing basis;
- the risk management units of the subsidiaries prepare and submit the required periodic disclosures to the parent company's RMA area, with a frequency appropriate to the specific type of risk involved, ensuring compliance with the functional requirements established by the parent company.

A summary is provided below of the main activities involved in monitoring risk in the companies subject to management and coordination.

With reference to CDPI SGR, CDP provided risk management support as part of their co-sourcing relationship. During the first half of the year, loss data collection activities continued and a new risk assessment project was launched to draw up a map of operational risks that have a greater impact on the company's areas of operations/processes, also identified through interviews with the relevant managers.

Information flows have therefore been set up, both periodic and event based, with the Anti-Money Laundering and Compliance Organisational Unit of CDPI SGR, in accordance with the guidelines "Anti-Money Laundering Safeguards Structure" issued by the Parent Company and adopted by the Board of Directors of the company.

With reference to CDP Immobiliare, the analysis of the real estate portfolio continued in the first half of the year in order to implement risk monitoring, and support was provided for the revision of the company's purchasing policy in regard to areas affected by operational risk.

In addition, working together with the Compliance Service, the Guidelines on "Due Diligence in Relations with Counterparties" were issued for CDP Immobiliare, Simest and FSI. In the case of CDP Immobiliare, support was provided in the preparation of the internal operating procedure for adopting these Guidelines, which was adopted by the subsidiary's BoD.

With regard to FSI, the coordination and collaboration continued with the Risk Management Structure of FSI with particular reference to the valuation during the investment phase of the risk profile of the individual transactions. FSI's activities also involved monitoring the equity investments held in the company portfolio, supervision of fair value accounting valuations and updating the company's risk policy.

With regard to Fintecna, the Risk Management function focused on operational risks, working in close coordination with the parent company. As a result of the top-down risk assessment project, in light of the main potential problems found an assessment of the company's supervisory controls was launched. Training was also provided for a member of staff at the company dedicated to risk management.

At SACE, analysis continued of various solutions for the management of the risk profile associated with shared group-wide counterparties, as well as investigations into the assessment and reporting of risks connected to transactions on the markets. On the basis of the data provided and the reports produced by the Company, the Risk Management function also periodically monitors the risk profile of the subscription portfolio, the financial investment portfolio and of shared customers.

At SIMEST, the Risk Management function contributed – along with the other organisational structures – to the production of a new risk-adjusted pricing model. The function has also provided timely monitoring of SIMEST customers in order to manage customers of both the Parent Company and SACE. Finally, the risk assessment project was concluded with the production of a map of operational risks that have a greater impact on all of SIMEST's areas of operations/processes, also identified through interviews with the relevant managers.

BUSINESS COMBINATIONS

BUSINESS COMBINATIONS CARRIED OUT DURING THE PERIOD

(millions of euros)

BUSINESS COMBINATIONS

Company names	Date of transaction	(1)	(2)	(3)	(4)
ACAM GAS SpA (5)	01/04/2015	46.0	51.00%	19.2	4.4
Alfiere Spa (6)	02/04/2015	23.0	50.00%	-	(1.2)
ICD SOFTWARE AS (7)	24/06/2015	10.4	51.00%	2.6	(0.3)

Key
(1) = Cost
(2) = Percentage of voting rights in ordinary shareholders' meeting
(3) = Total group revenues
(4) = Group net profit (loss)
(5) Revenue and earnings figures refer to 31 December 2014
(6) Revenue and earnings figures refer to 31 March 2015
(7) Revenue and earnings figures refer to 30 June 2015

Acquisition of ACAM GAS S.p.A.

On 1 April 2015, Italgas (SNAM group) completed the acquisition from Acam of the 51% stake in Acam Gas, for a total price of €46 million. Through this transaction, Italgas, which already held 49% of Acam Gas, acquired the total share capital of the company, further strengthening its gas distribution operations within the local area of La Spezia. Acam Gas is the proprietor of the gas distribution service in the town of La Spezia and in 28 other municipalities located in the La Spezia province, with around 112,000 active re-delivery points and a network of about 1,400 Km.

Acquisition of Alfiere S.p.A.

In April 2015, CDP Immobiliare acquired control of Alfiere S.p.A., already 50% owned, by exercising the option for the purchase of 50% of the ownership interest held by Progetto Alfiere. The cost incurred for the acquisition of this ownership interest and the receivable for the shareholders' loan from Progetto Alfiere S.p.A. amounted to €23 million. An agreement was subsequently signed with Telecom Italia (TI), which led to the acquisition by TI of an ownership interest amounting to 50% of the share capital of Alfiere and the future lease of the “Torri dell’Eur” real estate complex – owned by Alfiere S.p.A. – to be used as new headquarters for TI.

Acquisition of the ICD Software group

On 24 June 2015, Vard Holdings Limited (Fincantieri group) announced the acquisition of 100% of the shares of ICD Software AS and the companies controlled by it. The ICD Software group is specialised in the development of automation software and control systems for the offshore and marine sector, and has 63 employees, half in Norway and the remainder in Poland and Estonia. The acquisition was made via the company Seaonics AS, which is 51% controlled by Vard Group AS. As a result of the acquisition, Seaonics is expected to be able to increase its volume of business in deck handling and automation technology systems. The acquisition is part of the initiatives implemented by the VARD group to strengthen its product range and develop new business areas.

TRANSACTIONS WITH RELATED PARTIES

1. Information on the compensation of directors and key management personnel

The following table reports the remuneration accrued in the first half of 2015 paid to members of the Board of Directors, Board of Auditors and key management personnel of the Parent Company and subsidiaries consolidated on a full line-by-line basis.

(thousands of euros)

REMUNERATION OF GROUP BOARD OF DIRECTORS AND BOARD OF AUDITORS

	Board of Directors	Board of Auditors	Key management personnel
(a) short-term benefits	9,057	1,208	10,312
(b) post-employment benefits			318
(c) other long-term benefits			620
(d) severance benefits			
(e) share-based payments			
Total	**9,057**	**1,208**	**11,250**

On 10 July 2015, the term of office of the Board of Directors of CDP was ended early. On the same date the Shareholders' Meeting appointed the new Board of Directors for the years 2015, 2016 and 2017. The following directors were appointed: Claudio Costamagna (Chairman), Mario Nuzzo (appointed as Vice Chairman at the Board meeting of 13 July 2015), Fabio Gallia (appointed as Chief Executive Officer at the Board meeting of 13 July 2015), Maria Cannata, Carla Patrizia Ferrari, Stefano Micossi, Alessandro Rivera, Alessandra Ruzzu, and Isabella Seràgnoli. For decisions regarding the "Separate Account" the Board of Directors is supplemented by the Director General of the Treasury, Vincenzo La Via, the delegate of the State Accountant General, Roberto Ferranti, and by Piero Fassino, appointed by the Minister of Economy and Finance as representative of the Municipalities. The appointment of the other two members representing the Regions and Provinces, is pending.

The remuneration shown in the table below, for the period 1 January 2015 to 30 June 2015, refers to the directors and statutory auditors of the Parent Company in office as of 30 June 2015.

(thousands of euros)

REMUNERATION PAID TO BOARD OF DIRECTORS AND BOARD OF AUDITORS

Name	Position	Period in office	End of term (*)	Compensation and bonuses
Directors				
Franco Bassanini	Chairman	01/01/15-30/06/15	-	157
Giovanni Gorno Tempini	Chief Executive Officer	01/01/15-30/06/15	-	494
Maria Cannata	Director	01/01/15-30/06/15	2017	(**)
Olga Cuccurullo	Director	01/01/15-30/06/15	-	(**)
Marco Giovannini	Director	01/01/15-30/06/15	-	18
Mario Nuzzo	Director (3)	01/01/15-30/06/15	2017	18
Francesco Parlato	Director	01/01/15-30/06/15	-	(**)
Antimo Prosperi	Director	01/01/15-30/06/15	-	(**)
Alessandro Rivera	Director	01/01/15-30/06/15	2017	(**)
Supplementary members for administration of Separate Account (Article 5.8, Decree Law 269/2003)				
Roberto Ferranti	Director (1)	01/01/15-30/06/15	2017	18
Vincenzo La Via	Director (2)	01/01/15-30/06/15	2017	(**)
Piero Fassino	Director	01/01/15-30/06/15	2017	18
Massimo Garavaglia	Director	01/01/15-30/06/15	-	18
Board of Auditors				
Angelo Provasoli	Chairman	01/01/15-30/06/15	2015	14
Luciano Barsotti	Auditor	01/01/15-30/06/15	2015	10
Andrea Landi	Auditor	01/01/15-30/06/15	2015	10
Ines Russo	Auditor	01/01/15-30/06/15	2015	(**)
Giuseppe Vincenzo Suppa	Auditor	01/01/15-30/06/15	2015	10

(*) Date of Shareholders' Meeting called to approve financial statements for the year

(**) The remuneration is paid to the Ministry for the Economy and Finance

(1) Delegate of the State Accountant General.

(2) Director General of the Treasury

(3) Appointed Vice Chairman in the Board of Directors' meeting of 13 July 2015

2. Information on transactions with related parties

Certain transactions between the CDP Group and related parties, notably those with the Ministry for the Economy and Finance and Poste Italiane S.p.A., arise as a result of legislative mandates.

In any event, the CDP Group did not carry out any atypical or unusual transactions with related parties whose size could have an impact on the assets and liabilities or performance of the Group. All transactions with related parties were carried out on an arm’s length basis and form part of the CDP Group’s ordinary operations.

The following table reports assets, liabilities, revenues and costs in respect of transactions undertaken by the CDP Group, in the first half of 2015, with the Ministry for the Economy and Finance, the companies directly or indirectly controlled by the Ministry, as well as the companies subject to significant influence and joint control by CDP or its subsidiaries.

(thousands of euros)

TRANSACTIONS WITH RELATED PARTIES

Name	Assets	Liabilities	Off balance sheet	Costs / Revenues
Agenzia Nazionale per l'Attrazione degli Investimenti e lo Sviluppo d'impresa S.p.a. (INVITALIA)	48,660			
AGUSTAWESTLAND S.p.A.	35,491			1,056
ALENIA AERMACCHI S.p.A.	247,403		5,203	6,748
Alfiere S.p.A	9,337			330
ANAS S.p.A.	1,241	4,071		(39)
Ansaldo Energia	49,742	27,491		(4,446)
ANSALDOBREDA S.p.A.	792		1,264	2
ATITECH S.p.A.	15			
Banca del Mezzogiorno - MedioCredito Centrale S.p.A.	102,137			617
Bonafous S.p.A.	1,549			79
Brevik Technology AS	42			1
Bridge Eiendom AS	489			
Cagliari 89 Scarl in liquidazione	1,165	1,045		
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta	7,124	7,543	6,400	(529)
Cinecittà Luce S.p.A. in liquidazione	97			42
Cinque Cerchi S.p.A.	21			27
CISDEG S.p.A.	952	1,079		(5,149)
Concessioni Autostradali Venete S.p.A.	399,041			6,001
Consorzio Aerest in liquidazione	6,853	4,498		11
Consorzio Codelsa in liquidazione	203	220		2
Consorzio Condif in liquidazione		11		
Consorzio Edinca in liquidazione	1,054	114	42	5
Consorzio Edinsud in liquidazione	469	85		5
Consorzio G1	220	287		(51)
Consorzio IMAFID in liquidazione		21		6
Consorzio INCOMIR in liquidazione	45		623	
Consorzio Italtecnasud in liquidazione	3,974	60		6
Consorzio MED.IN. in liquidazione	287	53		6
CORESO S.A.		137		
CSS Design Limited	568			
DOF Iceman AS	6,353			108
ELETTRONICA S.p.A.	34	337		(397)
Enel Distribuzione S.p.A.	1,205,633			12,850
Enel Green Power	22,254			567
Enel Green Power Partecipazioni Speciali	10,121			360
Enel Produzione	404			331
ENEL S.p.A.	369,828	35,066	597,120	799,812
ENI S.p.A.	333,285	155,722	5,429	1,088,608
EniPower S.p.A.	116			95
ETIHAD SHIP BUILDING LLC	7,060	342		400
Europrogetti & Finanza S.p.A. in liquidazione		5	5	
Expo 2015 S.p.A.	5	109		10
Finmeccanica S.p.A.	4,686	5,704		9
FS - Ferrovie dello Stato Italiane S.p.A.	282,302	2,375	357,725	(998)
GasBridge 1 B.V.		4,225		
GasBridge 2 B.V.		4,290		
Grandi Stazioni S.p.A.	1,701	749	46,667	234
GSE - Gestore dei Servizi Energetici S.p.A.	5,022	22		34,437
Inalca S.p.A.	17			17
IPZS - Istituto Poligrafico e Zecca dello Stato S.p.A.		1		
IQ Made in Italy Investment Company S.p.A.	892	136,312		700
Istituto per il Credito Sportivo	399,754			7,468
ITALIA TURISMO S.p.A.	32,237	28		199
Kedrion S.p.A.	3,155	2,615	1,936	2,702
Ligestra DUE S.r.l.	156,395	11		1,098
Ligestra QUATTRO S.r.l.	31	3		9
Ligestra S.r.l.	80,225	8		881
Ligestra TRE S.r.l.	228,916	5		1,883
M.T. Manifattura Tabacchi S.p.A.	4,289			35
Manifatture Milano S.p.A.	10,174			306
Metano S.Angelo Lodigiano S.p.A.	141			140
METRO 5 S.p.A.	87,856		12,153	3,056
Metroweb Italia S.p.A.	5,538			5,588
Ministry for the Economy and Finance	227,382,324	58,388,708	6,750,733	1,586,705
NUCLECO S.p.A.	15	35		(6)
Olympic Green Energy KS	1,393			32

Name	Assets	Liabilities	Off balance sheet	Costs / Revenues
OMSAV S.p.A. in fallimento		80		
ORIZZONTE - Sistemi Navali S.p.A.	44,673	3,036		209,243
Orizzonte Sistemi Navali S.p.A.		4		
OTO MELARA S.p.A.	336			7
Pentagramma Perugia S.p.A.	633			6
Pentagramma Piemonte S.p.A.	3,318			66
Pentagramma Romagna S.p.A.	3,325	6		6
Poste Italiane S.p.A.	113,937	468,169		(871,186)
Quadrifoglio Brescia S.p.A.	156			6
Quadrifoglio Genova S.p.A.	410			11
Quadrifoglio Piacenza S.p.A.	5			5
Quadrifoglio Verona S.p.A.	45			5
Quadrifolgio Modena S.p.A.	615			41
Raffineria di Gela S.p.A.	129			
RAI - Radio Televisione Italiana S.p.A.				(1)
Rai Way S.p.A.	577			2
RAM - Rete Autostrade Mediterranee S.p.A.			356	
Rem Supply AS	620			20
Rosetti Marino S.p.A.		1,139		(1,943)
Saipem S.p.A.	742			37
SDA Express Courier S.p.A.		0		1
SELEX ELSAG Ltd		2,005		
SELEX ES S.p.A.	17,151	374	8,646	(12)
SELEX Sistemi Integrati S.p.A. (in liq.)	311	1,566		
SIA S.p.A.	15			15
SITAF S.p.A.	132,220	1,066	62,199	2,866
Sitalfa S.p.A.	2			2
SO.G.I.N. - Società Gestione Impianti Nucleari S.p.A.				1
SOGEI - Società Generale di Informatica S.p.A.	37,500			101
STMICROELECTRONICS N.V.	109			164
STMicroelectronics S.r.l.	3,675		3,197	9
TELES.p.A.ZIO S.p.A.			1,042	
TIGF Holding S.A.S.	15,439	72		159
Tirrenia di Navigazione S.p.A. in amm. straordinaria	10,760		516	
Toscana Energia S.p.A.	2,377	613	77,850	1,329
Trans Austria Gasleitung GmbH	221,421	57		3,719
Trevi Finanziaria Industriale S.p.A	1,012	406		2,413
Umbria Distribuzione GAS S.p.A.	899			273
Valvitalia Finanziaria S.p.A.	186,613			32,151
Versalis S.p.A.	179		6,908	0
WHITEHEAD SISTEMI SUBACQUEI S.p.A.	244	106		(214)

The main transactions conducted with the Ministry for the Economy and Finance regarded the liquidity of the Parent Company held on an account with the Treasury, lending transactions, government securities recorded under financial assets available for sale and financial assets held to maturity, and management of the MEF's liquidity (OPTES).

Specifically, CDP's liquidity is deposited on the interest-bearing account no. 29814 held at the State Treasury and earns interest, as envisaged by Article 6.1 of the MEF decree of 5 December 2003, at a floating 6-month rate equal to the simple arithmetic mean between the gross yield on 6-month Treasury bills and the monthly level of the Rendistato index. At 30 June 2015, the liquidity held with the Central State Treasury amounted to around €153.5 billion, of which around €462 million credited after the reporting date.

SHARE-BASED PAYMENTS

No share-based payment compensation plans were signed during the half year and there were no plans in place in previous years.

OPERATING SEGMENTS

This section of the notes to the consolidated financial statements has been drafted in compliance with IFRS 8 Operating Segments.

Operating segment disclosures are presented by separating the contribution of the two Group's operations: "Affairs and Finance area of the Parent Company" and "Group Companies, other equity investments and other".

The sphere "Business and Finance Areas of the parent company" include the activities carried out by the Public Entities, Finance, Financing, Public Interest Lending and Economic Support areas of the parent company.

Lending to public entities and public-law bodies is mainly conducted by the Public Entities area using standardised products, offered in compliance with the principles of accessibility, uniformity in treatment, pre-specification of terms and non-discrimination, in implementation of the statutory mission of the Separate Account.

Treasury operations and funding activities are managed by the Finance and Funding Area, which is responsible for meeting CDP's funding needs, as well as sourcing, investing and monitoring liquidity. The area also structures products and funding and lending operations, setting the financial terms and conditions and ensuring the balance of the cost of funding and yields on lending. It also contributes to strategic Asset Liability Management and manages financial risk at the operational level, including through access to the market and use of hedging instruments.

The Public Interest Lending area intervenes directly in general public interest projects sponsored by public entities or public-law bodies for which the financial sustainability has been verified.

The Financing area is involved in lending (using funding not guaranteed by the state or with EIB funds), on a project or corporate finance basis, for investments in works, plant, infrastructure and networks to be used to deliver public services or in reclamation projects (energy, multi-utilities, local public transport, health care).

The Economic Support area is responsible for managing subsidised credit instruments, established by specific legislation, and economic support instruments.

With regard to the sphere “Group Companies, other equity investments and other”, it includes, above all, the bouncers relating to the “Equity investments and other” area of the parent company. This Area includes the activities related to investment and divestment of shareholdings and investment fund units, extraordinary transactions and transactions for the rationalisation of the investment portfolio, in addition to all aspects related to the management of companies and investment funds in which CDP holds equity interests. This aggregate also includes costs related to Areas of the parent company that carry out governance, management, control and support activities, as well as costs and revenues not otherwise attributable. Lastly, this aggregate includes the contribution of all the other companies of the CDP Group, in order to present all the operating costs and revenues connected to the investment portfolio of the parent company in a single aggregate.

As a result, the reclassified balance sheet and income statement at 30 June 2015 have been constructed on the basis of the respective separate financial statements (for CDP, CDPI SGR, SIMEST, FSI, FSI Investimenti, FSIA, CDP Reti, CDP GAS and FIV) or consolidated financial statements (Terna Group, SACE Group, Fincantieri Group, Fintecna Group, CDP Immobiliare Group and SNAM Group), aggregating their accounts as indicated above and reporting the effects of consolidation for CDP in the column “Eliminations/adjustments”.

Reclassified balance sheet

Balance sheet at 30 June 2015

(thousands of euros)

	Parent Company Business and Finance Areas	Group entities, other equity investments and other	Elimination / adjustment	Total CDP Group
Cash and cash equivalents and other treasury investments	194,401,257	10,458,886	(7,244,319)	197,615,824
Loans to customers and banks	102,754,785	4,194,517	(1,033,547)	105,915,754
Debt securities	37,302,792	2,803,185	(466,041)	39,639,936
Equity investments and shares	-	39,592,407	(19,071,382)	20,521,025
Funding	321,169,514	57,014,629	(8,683,452)	369,500,690
- of which: postal funding	*225,417,587*	*28,096,592*	*(2,052)*	*253,512,126*
- of which: funding from banks	*15,607,040*	*7,671,604*	-	*23,278,644*
- of which: funding from customers	*69,861,287*	*1,382,656*	*(8,229,907)*	*63,014,036*
- of which: funding from bonds	*10,283,600*	*19,863,777*	*(451,493)*	*29,695,884*

Reclassified Income Statement

Income statement 1st Half 2015

(thousands of euros)

	Parent Company Business and Finance Areas	Group entities, other equity investments and other	Total CDP Group
Net interest income	**678,922**	**(470,446)**	**208,476**
Dividends and gains (losses) on equity investments	0	114,624	114,624
Net commission income	(751,826)	(101,146)	(852,972)
Other net revenues	312,031	385,528	697,559
Gross income	**239,126**	**(71,439)**	**167,687**
Profit (loss) on insurance operations	-	183,539	183,539
Profit (loss) on banking and insurance operations	**239,126**	**112,100**	**351,226**
Net writedowns	5,802	2,915	8,717
Overheads	(9,649)	(3,819,944)	(3,829,592)
of which: administrative expenses	*(9,649)*	*(2,965,041)*	*(2,974,690)*
Operating income	**235,436**	**2,306,481**	**2,541,917**
Net income			**1,127,942**
Net income (loss) for the year pertaining to non-controlling interests			694,117
Net income (loss) for the year pertaining to shareholders of the parent company			**433,825**

APPENDIX – CDP'S EQUITY INVESTMENT PORTFOLIO

ASSOCIATES AND OTHER SHAREHOLDINGS

Eni S.p.A.

Eni is an integrated oil company that operates throughout the energy supply chain and is engaged in research, production, transport, processing and sale of oil and natural gas, with an international presence in 83 countries and around 84,000 employees. The share is listed on the Borsa Italiana and the New York Stock Exchange. It is included in more than 50 indexes, including the Borsa Italiana's FTSE MIB, where it is the share with the highest capitalisation. ENI's business focuses primarily on exploration and production of gas and oil, and has established itself as one of the largest international oil companies. The company also operates in the trading and shipping of gas and oil, the management of commodity risk, and in downstream and industrial businesses (refining and selling fuel and lubricants, electricity generation, producing chemicals and polymers, and selling gas and energy to retail customers). It also provides engineering and construction services for the oil&gas sector, via its 42.9% stake in Saipem S.p.A., which in turn is listed on the Borsa Italiana.

Sistema Iniziative Locali S.p.A.

Sinloc is one of the leading companies in the market for local development and infrastructure construction through public-private partnerships (PPP). It is characterised by its distinctive ability to operate on the market both as an equity investment company, intervening directly in selected projects, and as an advisor, creating the conditions to make the initiatives it is involved with sustainable and operational. Over the years Sinloc has developed significant experience and knowledge in numerous sectors, of strategic and operational planning processes, in supporting decision-making processes, and in analysing and structuring investments in PPP initiatives. Sinloc's investors currently include nine of the main bank foundations and CDP.

Istituto per il Credito Sportivo

The Istituto per il Credito Sportivo (ICS) is a residual public-law bank pursuant to art. 151 of the Italian Banking Act (TUB). ICS is specifically engaged in the banking business, accepting deposits from the public and financing activities and investments related to sport, and cultural heritage and activities. Following changes to the law in 2013, ICS can also provide treasury and advisory services.

As at 30 June 2015, the Istituto per il Credito Sportivo is still subject to extraordinary administration.

F2i - Fondi Italiani per le Infrastrutture SGR S.p.A.

F2i SGR provides asset management services through the promotion, creation, and organisation of closed-end mutual funds specialising in infrastructure. Established with the sponsorship of various Italian financial institutions, including CDP and the main Italian banks, F2i SGR manages a total of €2,600 million. It backs and manages the two main infrastructure investment funds in Italy:

- Fondo Italiano per le infrastructure, launched in 2007 with a total size of €1,852 million; and
- Secondo Fondo Italiano per le infrastructure, launched in 2012 with a target funding of €1,200 million. As at 30 June, the fundraising process is in progress and units worth €775 million have been subscribed.

Fondo Italiano d'Investimento SGR S.p.A.

Fondo Italiano d'Investimento SGR S.p.A. is a company providing asset management services, established in March 2010 and promoted by the Ministry of Economy and Finance (MEF) together with CDP, ABI, Confindustria and the major Italian banks. The company promotes and manages investment funds to support the growth of small and medium Italian enterprises, facilitating consolidation and internationalisation, and supporting the development of the Italian venture capital and private debt market.
FII SGR manages a total of €1,555 million, split across three managed funds:

- Fondo Italiano di Investimento (FII), launched in 2010, with a size of €1,200 million;
- Two funds of funds, one Private Debt, with a current size of €295 million (target amount €500 million), and one Venture Capital, with a total size of €60 million (target €200 million).

Europrogetti & Finanza S.p.A. in liquidazione

EPF is owned by leading banks and financial institutions. It was established in 1995 to deliver subsidised lending services. In view of the company's lack of growth prospects, it was placed into voluntary liquidation at the start of 2009. The liquidation process is still ongoing, with the goal of completing all the subsidised lending related activities still in place.

INVESTMENT FUNDS AND INVESTMENT VEHICLES

Inframed Infrastructure SAS à capital variable

The inframed fund was launched in 2010 by CDP and other European financial institutions – the Caisse des Dépòts et Consignations of France and the European Investment Bank, the Caisse de Dépôt et de Gestion of Morocco and the EFG-Hermes Holding SAE of Egypt. Inframed has received commitments of over €385 million, of which around €150 million subscribed by CDP.
The Inframed fund is a variable capital investment vehicle, whose main objective is to provide equity capital to infrastructure projects in the southern and eastern Mediterranean. The activities of the fund are focused on a diverse range of long-term infrastructure investments in the transportation, energy, and urban development sectors.

2020 European Fund for Energy, Climate Change and Infrastructure SICAV-FIS Sa

Together with other European public financial institutions, at the end of 2009 CDP launched the Marguerite European fund, a Luxembourg-registered closed-end variable capital investment fund which has been set up to act as a catalyst for investment in infrastructure associated with climate change, energy security and European-wide networks. Marguerite has received commitments of €710 million, of which around €100 million subscribed by CDP. The fund will undertake equity or quasi-equity investments in companies that own or manage infrastructure in the transportation and energy sectors, with a special focus on the renewable energy sector.

European Energy Efficiency Fund SA, SICAV-SIF

The EEEF Fund is an investment fund sponsored by the European Investment Bank and the European Commission. Its primary goal is to develop energy efficiency projects and, in general, initiatives to combat climate change proposed by public entities in the EU 27 countries. The fund primarily acts as a lender to projects and to a residual extent as an investor in the equity of such initiatives. The overall size of the fund, which is still in the fundraising stage, is approx. €265 million, of which €125 million subscribed by the European Commission on a first-loss basis and €60 million by CDP.

F2i - Fondo Italiano per le infrastrutture

The F2i Fund, launched in 2007, has a size in excess of €1.85 billion, of which CDP has subscribed a commitment for over €150 million. The fund completed its investment phase in 2013. The Fund sets out to be a hub for aggregation and alliances between public and private entities that operate in the national infrastructure sector, participating in privatisation processes, strengthening relations between local authorities and private business owners, and bringing together domestic and international investors. The investment policy has focused mainly on brownfield projects in the gas distribution chain, airports, water, broadband telecommunications networks, renewable energy generation and motorway transport.

F2i – Secondo Fondo Italiano per le infrastrutture

The Secondo Fondo Italiano per le Infrastrutture, promoted and managed by F2i SGR, was launched in 2012. At the first closing at year-end 2012, €575 million had been subscribed by sponsors. At that time, CDP subscribed units totalling €100 million. At 30 June 2015, the overall size of the fund amounted to €775 million, with an excellent chance of reaching the funding target of €1,200 million, by the end of the fundraising period. Secondo Fondo F2i will continue the investment policy of the F2i fund, consolidating its presence in business areas pursued by the latter, in addition to its own asset allocation in waste-to-energy industries and the realisation and management of infrastructure and technological services.

PPP Italia

Launched in 2006 and managed by Fondaco SGR, PPP Italia is a closed-end fund specialised in public-private partnerships (PPPs) and projects for the generation of energy from renewable sources. The overall size of the fund is €120 million. CDP has signed an investment commitment of €17.5 million.

Fondo Immobiliare di Lombardia – Sub-fund One

The Fondo Immobiliare di Lombardia (FIL) is an Italian closed-end ethical real estate fund reserved to qualified investors and managed by Investire SGR S.p.A.. The fund has been promoted by the Fondazione Social Housing. At 30 June 2015, the sub-fund's total size was €424.7 million. CDP has signed an investment commitment of €20 million.

The Fund was established with the aim of investing mainly in "social housing" in Lombardy and began operations in 2007. In 2012 it was converted into an "umbrella fund", and following this change Sub-fund One was established to hold all the original assets and liabilities of FIL.

Fondo investimenti per l'Abitare

The Fondo Investimenti per l'Abitare is a real estate fund reserved to qualified investors, promoted and managed by CDP Investimenti SGR S.p.A., a company

operating in the private social housing sector. The FIA was formed in July 2010 and has a 30-year life. The current size of the fund is €2 billion. CDP has signed an investment commitment of €1 billion.
The fund works to increase the stock of social housing in Italy that is subject to rent control and/or is to be sold at subsidised prices to "socially vulnerable" families, and also to supplement the social housing policies of the central and local governments. Having been selected by the Ministry for Infrastructure, the fund has become the single National Fund for the Integrated System of Real Estate Funds under the National Housing Plan.
The FIA operates throughout Italy, mainly serving as a "fund of funds", investing in real estate investment funds operated by other asset management companies or holding stakes in real estate firms, including majority stakes, up to a maximum of 80%. The fund is also empowered to make direct investments with up to 10% of its capital.

Fondo Investimenti per la Valorizzazione

The Fondo Investimenti per la Valorizzazione is a real estate umbrella fund reserved to qualified investors, promoted and managed by CDP Investimenti SGR S.p.A. The fund is dedicated to purchasing properties owned by central government, public entities and/or companies that they control, with unexpressed potential value linked to their change in use, upgrading or rental.
At 30 June 2015 two sub-funds were in operation, Plus and Extra, established following the transformation – in 2013 – of the Fondo Investimenti per la Valorizzazione – Plus into an umbrella fund.
The Plus Sub-Fund's assets are made up of the assets previously owned by FIV Plus at the time the Fund was transformed into an umbrella fund, while the Extra Sub-Fund is dedicated to the development and management of the portfolio of public property acquired from the Agency of State-owned property (Agenzia del Demanio) and from local authorities at the end of 2013 and 2014.
The activities of both sub-funds are mainly directed towards increasing the value of the properties, including through restructuring, restoration and ordinary and extraordinary maintenance, or through transformation and extracting value from them.
At 30 June 2015, CDP has subscribed the entire €100 million of the Plus Sub-fund and the entire €1,080 million for the Extra Sub-fund.

Fondo Italiano d'Investimento

The Fondo Italiano d'Investimento (FII) is the result of a project by the MEF, the ABI, Confindustria, CDP, Intesa Sanpaolo, UniCredit, Banca Monte dei Paschi di Siena and Istituto Centrale Banche Popolari to create an instrument for providing

financial support to Italian SMEs. The fund has a size of €1.2 billion. CDP has signed an investment commitment of €250 million.
FII provides the following types of investments: a) direct investment in the share capital of Italian companies, usually in the form of a minority interest, and may involve co-investment by other specialised funds; b) support as a fund of funds, by investing in other funds that share the investment policies and objectives of the fund. Regarding indirect investments (funds of funds), since the first half of 2012, investment in funds that perform venture capital activities has been expressly allowed.

Private Debt Fund of Funds

The Private Debt Fund of Funds was created by CDP to support the development of the new market of funds that invest in so-called minibonds, as a way to support Italian SMEs. It has been operational since 1 September 2014 and has a size of €295 million, fully subscribed by CDP.
Investments go to funds whose investment policies are focused on debt instruments issued by SMEs that have stable or prospective cash flow growth, a well-defined market positioning, strong business leadership and an experienced, high quality management team.
The initiative comes against a financial background characterised by a lending context that is leading companies to seek alternative and complementary financing to that offered by banks. In light of this, CDP's offering aims to provide a tangible way to deliver the legislative changes brought in with the Development Decree of 2012 to facilitate the issue of minibonds.

Venture Capital Fund of Funds

The Venture Capital Fund of Funds was created by CDP to make an active contribution to the launch and development of innovative start-ups in Italy. It has been operational since 1 September 2014 and has a size of €60 million, fully subscribed by CDP.
The Fund invests in funds whose investment policies are focussed on venture capital operations through the financing of seed-phase projects and funds specialised in technology transfer (first stages of the birth and development of the business idea), early-stage projects (businesses already in the initial stages of operations), and late-stage projects (existing companies with high growth potential that need capital to develop innovative projects that will account for a significant part of the company's activities and expected growth) and in funds operating in the low-mid cap segment (expansion and growth capital).

European Investment Fund

The EIF is a public private partnership under Luxembourg law held by the EIB (63.7%) the European Commission (24.3%) and 26 public and private financial institutions (12.0%). It pursues the twin objective of facilitating the EU's development policies and assisting the financial sustainability of European companies. In particular, the EIF supports innovation and growth among SMEs, micro-enterprises and European regions by improving the conditions for accessing financing. This is delivered by providing equity and guarantees on loans.

The Fund does not invest directly in companies' share capital but indirectly through private equity and venture capital funds. In addition, as it is not authorised to provide credit, it does not directly provide loans or financial guarantees for companies, but rather operates through banks and other financial intermediaries using own funds allocated to it by the EIB and the European Union.

Investments are exited by means of a put option, which can be exercised every year on the basis of an agreement known as the Replacement Share Purchase Undertaking between the EIB and the minority shareholder financial institutions.

Under its bylaws, the share capital subscribed by the fund is only disbursed up to 20%, while the remainder can be called up exclusively to meet requirements relating to the occurrence of specific risks.

CDP holds 50 shares of the European Investment Fund, bought from the EIB for a total nominal value of €50 million, equal to a share of 1.2%.

Galaxy S.àr.l. SICAR

Galaxy, a Luxembourg-registered company, was established to make equity or quasi-equity investments in transportation infrastructure, particularly within Italy, Europe and other OECD countries, in a manner typical of a private equity fund. The Galaxy shareholders are CDP, Caisse des Dépôts et Consignations ("CDC") and Kreditanstalt für Wiederaufbau ("KfW"). The original size of the fund was €250 million. The company ended the investment stage in July 2009, calling up amounts totalling approximately €64 million; in the divestment stage it distributed about €99 million to its shareholders, of which nearly €32 million receivable by CDP. The fund's focus is currently on the management and sale of the remaining assets in its portfolio.

CDP has committed to invest €100 million but has paid out around €26 million (around 40% of total commitments) and has received distributions totalling around €32 million.

ANNEXES

ANNEX 1

SCOPE OF CONSOLIDATION

ANNEX 2

STATEMENTS OF RECONCILIATION OF ACCOUNTING AND OPERATING FIGURES

Annex 1

PARENT COMPANY

Company name	Registered Office
Cassa depositi e prestiti S.p.A.	Rome

Company name	Registered office	Investor	% holding	Consolidation method
Aakre Eigendom AS	Alesund (Norway)	Vard Group AS	100.000%	Line-by-line
ACAM GAS S.p.A.	La Spezia	SNAM S.p.A.	100.000%	Line-by-line
ACE Marine LLC	Green Bay - WI	Fincantieri Marine Group LLC	100.000%	Line-by-line
Acqua Campania SpA	Naples	SNAM S.p.A.	0.532%	Equity
African Trade Insurance Company	Nairobi (Kenya)	SACE Spa	6.760%	Equity
Agestel S.r.L.	Pisa	SNAM S.p.A.	48.083%	Equity
Alfiere S.p.A	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Alitalia Servizi S.p.A. in in amministrazione straordinaria	Fiumicino (RM - ITALY)	CDP Immobiliare S.r.l.	99.900%	Unconsolidated subsidiary
Ansaldo Energia	Genoa	FSI Investimenti SpA	44.550%	Equity
		Fondo Strategico Italiano S.p.A.	0.290%	Equity
Azienda Energia e Servizi Torino S.p.A.	Turin	SNAM S.p.A.	100.000%	Line-by-line
Bacini di Palermo S.p.A.	Palermo	Fincantieri S.p.A.	100.000%	Line-by-line
Bonafous S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Brevik Elektro AS	Brevik (Norway)	Multifag AS	100.000%	Line-by-line
Brevik Technology AS	Brevik (Norway)	Vard Brevik Holding AS	34.000%	Equity
Bridge Eiendom AS	Brevik (Norway)	Vard Brevik Holding AS	50.000%	Equity
Cagliari 89 Scarl in liquidazione	Monastir (CA - ITALY)	Fintecna SpA	68.850%	Unconsolidated subsidiary
Camper and Nicholsons International S.A.	Luxembourg	Fincantieri S.p.A.	17.630%	Equity
Castor Drilling Solution AS	Kristisnsand (Norway)	Seaonics AS	34.000%	Equity
CDP GAS S.r.l.	Rome	CDP S.p.A.	100.000%	Line-by-line
CDP Immobiliare S.r.l.	Rome	CDP S.p.A.	100.000%	Line-by-line
CDP Investimenti SGR S.p.A.	Rome	CDP S.p.A.	70.000%	Line-by-line
CDP Reti S.p.A.	Rome	CDP S.p.A.	59.100%	Line-by-line
Centro per gli Studi di Tecnica Navale - CETENA S.p.A.	Genoa	Fincantieri S.p.A.	71.100%	Line-by-line
		Seaf S.p.A.	15.000%	Line-by-line
CESI S.p.A.	Milan	Terna SpA	42.700%	Equity
CGES A.D.	Podgorica (Montenegro)	Terna SpA	22.090%	Equity
Cinecittà Luce S.p.A. in liquidazione	Rome	Fintecna SpA	51.000%	Unconsolidated subsidiary
Cinque Cerchi S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Consorzio Aerest in liquidazione	Rome	Fintecna SpA	97.380%	Unconsolidated subsidiary
Consorzio Codelsa in liquidazione	Rome	Fintecna SpA	100.000%	Unconsolidated subsidiary
Consorzio Condif in liquidazione	Rome	CDP Immobiliare S.r.l.	33.330%	Equity
Consorzio Edinca in liquidazione	Naples	Fintecna SpA	47.320%	Equity
Consorzio Edinsud in liquidazione	Naples	Fintecna SpA	58.820%	Unconsolidated subsidiary
Consorzio G1	Rome	Fintecna SpA	56.850%	Unconsolidated subsidiary
Consorzio IMAFID in liquidazione	Naples	Fintecna SpA	75.000%	Unconsolidated subsidiary
Consorzio INCOMIR in liquidazione	Mercogliano (AV - ITALY)	Fintecna SpA	45.460%	Equity
Consorzio Italtecnasud in liquidazione	Rome	Fintecna SpA	85.000%	Unconsolidated subsidiary
Consorzio MED.IN. in liquidazione	Rome	Fintecna SpA	100.000%	Unconsolidated subsidiary
CORESO S.A.	Brussels (Belgium)	Terna SpA	22.490%	Equity
CSS Design Limited	Isle of Man	Vard Marine Inc.	31.000%	Equity
Dameco AS	Skien (Norway)	Vard Offshore Brevik AS	34.000%	Equity
Delfi S.r.l.	Follo (SP - ITALY)	Fincantieri S.p.A.	100.000%	Line-by-line
DOF Iceman AS	Norway	Vard Group AS	50.000%	Equity
ELMED Etudes S.a.r.l.	Tunis (Tunisia)	Terna SpA	50.000%	Equity
Eni S.p.A.	Rome	CDP SpA	25.760%	Equity
Estaleiro Quissamã Ltda	Rio de Janeiro (Brazil)	Vard Group AS	50.500%	Line-by-line
ETIHAD SHIP BUILDING LLC	Abu Dhabi	Fincantieri S.p.A.	35.000%	Equity
Europrogetti & Finanza S.p.A. in liquidazione	Milan	CDP SpA	31.800%	Equity
Faster Imaging AS	Lysaker (Norway)	Seaonics AS	100.000%	Line-by-line
Fincantieri Do Brasil Partecipacoes S.A	Rio de Janeiro (Brazil)	Fincantieri S.p.A.	80.000%	Line-by-line
		Fincantieri Holding B.V.	20.000%	Line-by-line
Fincantieri Holding B.V.	Amsterdam (NL)	Fincantieri S.p.A.	100.000%	Line-by-line
Fincantieri India Private Limited	New Delhi (India)	Fincantieri S.p.A.	1.000%	Line-by-line
		Fincantieri Holding B.V.	99.000%	Line-by-line
Fincantieri Marine Group Holdings Inc.	Green Bay - WI	Fincantieri USA Inc.	87.440%	Line-by-line
Fincantieri Marine Group LLC	Washington, DC (USA)	Fincantieri Marine Group Holdings Inc.	100.000%	Line-by-line
Fincantieri Marine Systems North America Inc.	Chesapeake - VI (USA)	Fincantieri Holding B.V.	100.000%	Line-by-line
Fincantieri OIL & GAS S.p.A.	Trieste	Fincantieri S.p.A.	100.000%	Line-by-line
Fincantieri S.p.A.	Trieste	Fintecna SpA	72.510%	Line-by-line
Fincantieri SI S.p.A.	Trieste	Fincantieri S.p.A.	100.000%	Line-by-line
Fincantieri USA Inc.	Washington, DC (USA)	Fincantieri S.p.A.	86.020%	Line-by-line
Fintecna SpA	Rome	CDP S.p.A.	100.000%	Line-by-line
FIV Comparto Extra	Rome	CDP S.p.A.	100.000%	Line-by-line
FIV Comparto Plus	Rome	CDP S.p.A.	100.000%	Line-by-line
FMSNA YK	Nagasaki (Japan)	Fincantieri Marine Systems North America Inc.	100.000%	Line-by-line
Fondo Strategico Italiano S.p.A.	Milan	CDP S.p.A.	77.700%	Line-by-line
		Fintecna SpA	2.300%	Line-by-line
FSI Investimenti SpA	Milan	Fondo Strategico Italiano S.p.A.	77.120%	Line-by-line
FSIA INVESTIMENTI Srl	Milan	FSI Investimenti SpA	100.000%	Line-by-line
Galaxy S.àr.l. SICAR	Luxembourg	CDP SpA	40.000%	Equity
GasBridge 1 B.V.	Rotterdam (NL)	SNAM S.p.A.	50.000%	Equity
GasBridge 2 B.V.	Rotterdam (NL)	SNAM S.p.A.	50.000%	Equity
Gasrule Insurance Ltd	Dublin	SNAM S.p.A.	100.000%	Line-by-line
Gestione Bacini La Spezia S.p.A.	La Spezia	Fincantieri S.p.A.	99.890%	Line-by-line
GNL Italia SpA	San Donato Milanese	SNAM S.p.A.	100.000%	Line-by-line
ICD Industries Estonia OÜ	Tallinn (Estonia)	Seaonics AS	100.000%	Line-by-line
ICD Polska sp. z o.o.	Gdansk (Poland)	Seaonics AS	100.000%	Line-by-line
ICD Software AS	Alesund (Norway)	Seaonics AS	100.000%	Line-by-line
Inalca SpA	Castelvetro (MO - ITALY)	IQ Made in Italy Investment Company SpA	28.400%	Equity
Industrial Control Design AS	Alesund (Norway)	Seaonics AS	100.000%	Line-by-line
IQ Made in Italy Investment Company SpA	Milan	FSI Investimenti SpA	50.000%	Equity
Isotta Fraschini Motori S.p.A.	Bari	Fincantieri S.p.A.	100.000%	Line-by-line
Italgas SpA	Turin	SNAM S.p.A.	100.000%	Line-by-line
Kedrion Group SpA	Castelvecchio Pascoli (LU - ITALY)	FSI Investimenti SpA	25.060%	Equity

Company name	Registered office	Investor	% holding	Consolidation method
Ligestra DUE S.r.l.	Rome	Fintecna SpA	100.000%	Equity
Ligestra QUATTRO S.r.l.	Rome	Fintecna SpA	100.000%	Unconsolidated subsidiary
Ligestra S.r.l.	Rome	Fintecna SpA	100.000%	Equity
Ligestra TRE S.r.l.	Rome	Fintecna SpA	100.000%	Equity
M.T. Manifattura Tabacchi S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Manifatture Milano S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Marine Interiors S.p.A.	Trieste	Seaf S.p.A.	100.000%	Line-by-line
Marinette Marine Corporation	Marinette - WI	Fincantieri Marine Group LLC	100.000%	Line-by-line
Meridiano - Comercio e Administracao de Propriedades SA	Lisbon (Portugal)	SNAM S.p.A.	1.182%	Equity
Metano S.Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano	SNAM S.p.A.	50.000%	Equity
Metroweb Italia SpA	Milan	FSI Investimenti SpA	46.170%	Equity
Møkster Supply AS	Stavanger (Norway)	Vard Group AS	40.000%	Equity
Møkster Supply KS	Stavanger (Norway)	Vard Group AS	36.000%	Equity
Monita Interconnector S.r.l.	Rome	Terna S.p.A.	95.000%	Line-by-line
		Terna Rete Italia S.p.A.	5.000%	Line-by-line
Multifag AS	Skien (Norway)	Vard Brevik Holding AS	100.000%	Line-by-line
Napoletanagas SpA	Naples	Italgas SpA	99.690%	Line-by-line
Olympic Green Energy KS	Fosnavag (Norway)	Vard Group AS	30.000%	Equity
Olympic Subsea KS	Fosnavag (Norway)	Vard Group AS	35.000%	Equity
Orizzonte Sistemi Navali S.p.A.	Genoa	Fincantieri S.p.A.	51.000%	Equity
Pentagramma Perugia S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Pentagramma Piemonte S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Pentagramma Romagna S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Piemonte Savoia S.r.l.	Rome	Terna Interconnector S.r.l.	100.000%	Line-by-line
Quadrifoglio Brescia S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Quadrifoglio Genova S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Quadrifoglio Piacenza S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Quadrifoglio Verona S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Quadrifolgio Modena S.p.A.	Rome	CDP Immobiliare S.r.l.	50.000%	Equity
Rem Supply AS	Fosnavag (Norway)	Vard Group AS	26.660%	Equity
Residenziale Immobiliare 2004 S.p.A.	Rome	CDP Immobiliare S.r.l.	74.470%	Line-by-line
Rocco Forte Hotels Limited	London	FSI Investimenti SpA	11.500%	Equity
		Fondo Strategico Italiano S.p.A.	11.500%	Equity
SACE BT	Rome	SACE Spa	100.000%	Line-by-line
Sace do Brasil	San Paolo (Brazil)	SACE S.p.A.	100.000%	Line-by-line
SACE FCT	Rome	SACE Spa	100.000%	Line-by-line
SACE Servizi	Rome	SACE BT	100.000%	Line-by-line
SACE Spa	Rome	CDP S.p.A.	100.000%	Line-by-line
Seaonics AS	Alesund (Norway)	Vard Group AS	51.000%	Line-by-line
Seaonics Polska SP.Z O.O.	Gdansk (Poland)	Seaonics AS	100.000%	Line-by-line
Seastema S.p.A	Genoa	Fincantieri S.p.A.	100.000%	Line-by-line
SIA ICD Industries Latvia	Riga (Latvia)	Seaonics AS	100.000%	Line-by-line
SIA SpA	Milan	FSIA INVESTIMENTI Srl	49.895%	Equity
Simest SpA	Rome	CDP S.p.A.	76.005%	Line-by-line
SNAM RETE GAS S.p.A.	San Donato Milanese	SNAM S.p.A.	100.000%	Line-by-line
SNAM S.p.A.	San Donato Milanese (MI - ITALY)	CDP GAS S.r.l.	1.120%	Line-by-line
		CDP Reti S.p.A.	28.980%	Line-by-line
Società per l'Esercizio di Attività Fin	Trieste	Fincantieri S.p.A.	100.000%	Line-by-line
Stogit S.p.A.	San Donato Milanese	SNAM S.p.A.	100.000%	Line-by-line
Sviluppo Turistico culturale Golfo di Napoli S.c.a.r.l.	Naples	CDP Immobiliare S.r.l.	25.000%	Equity
Taklift AS	Skien (Norway)	Vard Brevik Holding AS	25.470%	Equity
Tamini Transformers USA L.L.C.	Chicago (USA)	Tamini Trasformatori S.r.l.	100.000%	Line-by-line
Tamini Trasformatori S.r.l.	Melegnano (MI - ITALY)	Terna Plus S.r.l.	100.000%	Line-by-line
Terna Chile S.p.A.	Santiago (Chile)	Terna Plus S.r.l.	100.000%	Line-by-line
Terna Crna Gora d.o.o.	Podgorica (Montenegro)	Terna SpA	100.000%	Line-by-line
Terna Interconnector S.r.l.	Rome	Terna SpA	65.000%	Line-by-line
		Terna Rete Italia S.p.A.	5.000%	Line-by-line
Terna Plus S.r.l.	Rome	Terna SpA	100.000%	Line-by-line
Terna Rete Italia S.p.A.	Rome	Terna SpA	100.000%	Line-by-line
Terna Rete Italia S.r.l. (ex TELAT)	Rome	Terna SpA	100.000%	Line-by-line
Terna SpA	Rome	CDP Reti S.p.A.	29.850%	Line-by-line
Terna Storage S.r.l.	Rome	Terna SpA	100.000%	Line-by-line
TIGF Holding S.A.S.	Pau (France)	SNAM S.p.A.	40.500%	Equity
Tirrenia di Navigazione S.p.A. in in amministrazione straordinaria.	Naples	Fintecna SpA	100.000%	Unconsolidated subsidiary
Toscana Energia S.p.A.	Florence	SNAM S.p.A.	48.080%	Equity
Trans Austria Gasleitung GmbH	Vienna (Austria)	SNAM S.p.A.	84.470%	Equity
Trevi Finanziaria Industriale S.p.A	Cesena	FSI Investimenti SpA	8.430%	Equity
		Fondo Strategico Italiano S.p.A.	8.430%	Equity
Umbria Distribuzione GAS S.p.A.	Terni	SNAM S.p.A.	45.000%	Equity
V.T.D. Trasformatori S.r.l.	Valdagno (VI)	Tamini Trasformatori S.r.l.	100.000%	Line-by-line
Valvitalia Finanziaria S.p.A.	Milan	FSI Investimenti SpA	0.500%	Equity
Vard Accommodation AS	Tennfjord (Norway)	Vard Group AS	100.000%	Line-by-line
Vard Accommodation Tulcea SRL	Tulcea (Romania)	Vard Accommodation AS	98.180%	Line-by-line
		Vard Electro Tulcea SRL	1.820%	Line-by-line
Vard Braila SA	Braila (Romania)	Vard Group AS	5.880%	Line-by-line
		Vard RO Holding SRL	94.120%	Line-by-line
Vard Brevik Holding AS	Brevik (Norway)	Vard Group AS	100.000%	Line-by-line
Vard Contracting AS	Norway	Fincantieri S.p.A.	100.000%	Line-by-line
Vard Design AS	Alesund (Norway)	Vard Group AS	100.000%	Line-by-line
Vard Design Liburna Ltd.	Rejeka (Croatia)	Vard Design AS	51.000%	Line-by-line
Vard Electrical Installation and Engineering (India) Private Limited	New Delhi (India)	Vard Electro AS	99.000%	Line-by-line
		Vard Tulcea SA	1.000%	Line-by-line
Vard Electro AS	Sovik (Norway)	Vard Group AS	100.000%	Line-by-line
Vard Electro Braila SRL	Braila (Romania)	Vard Electro AS	100.000%	Line-by-line
Vard Electro Brazil (Instalacoes Eletricas) Ltda	Niteroi (Brazil)	Vard Group AS	1.000%	Line-by-line
		Vard Electro AS	99.000%	Line-by-line
Vard Electro Tulcea SRL	Tulcea (Romania)	Vard Electro AS	99.960%	Line-by-line
Vard Engeneering Constanta SRL	Costanza (Romania)	Vard RO Holding SRL	70.000%	Line-by-line
		Vard Braila SA	30.000%	Line-by-line
Vard Engineering Brevik AS	Brevik (Norway)	Vard Brevik Holding AS	70.000%	Line-by-line
Vard Engineering Gdansk sp. Z o. o.	Poland	Vard Engineering Brevik AS	100.000%	Line-by-line
Vard Group AS	Alesund (Norway)	Vard Holdings Limited	100.000%	Line-by-line
Vard Holdings Limited	Singapore	Fincantieri OIL & GAS S.p.A.	55.630%	Line-by-line
Vard Marine Inc.	Vancouver (Canada)	Vard Group AS	100.000%	Line-by-line
Vard Marine US Inc.	USA	Vard Marine Inc.	100.000%	Line-by-line
Vard Niterói SA	Rio de Janeiro (Brazil)	Vard Group AS	99.999%	Line-by-line
		Vard Electro Brazil (Instalacoes Eletricas) Ltda	0.001%	Line-by-line
Vard Offshore Brevik AS	Porsgrunn (Norway)	Vard Brevik Holding AS	100.000%	Line-by-line
Vard Piping AS	Tennfjord (Norway)	Vard Group AS	100.000%	Line-by-line
Vard Promar SA	Recife (Brazil)	Vard Group AS	50.500%	Line-by-line
Vard RO Holding SRL	Tulcea (Romania)	Vard Group AS	100.000%	Line-by-line
Vard Ship Repair Braila SA	Braila (Romania)	Vard Brevik Holding AS	31.420%	Line-by-line
		Vard Braila SA	68.580%	Line-by-line
Vard Singapore Pte. Ltd.	Singapore	Vard Group AS	100.000%	Line-by-line
Vard Tulcea SA	Tulcea (Romania)	Vard RO Holding SRL	99.990%	Line-by-line
Vard Vung Tau Ltd	Vung Tau (Vietnam)	Vard Singapore Pte. Ltd.	100.000%	Line-by-line
XXI APRILE S.r.l.	Rome	Fintecna SpA	100.000%	Line-by-line

Annex 2

CDP S.p.A. STATEMENTS OF RECONCILIATION OF ACCOUNTING AND OPERATING FIGURES

The following tables reconcile the financial statements prepared in accordance with Bank of Italy circular no. 262/2005, as amended, and the aggregates as reclassified on an operational basis.

The reclassifications mainly concerned:

- the allocation, to specific and distinct items, of interest-bearing amounts and non-interest-bearing amounts;
- the revision of portfolios for IAS/IFRS purposes with their reclassification into uniform aggregates, both in relation to products and to business lines.

Balance sheet - Assets

		ASSETS - Reclassified schedules							
Amounts in millions of euros	**1st Half 2015**	**Cash and Cash equivalents and other treasury investments**	**Loans to customers and banks**	**Debt securities**	**Equity investments and shares**	**Assets held for trading and hedging derivatives**	**Property, plant and equipment and intangible assets**	**Accrued income, prepaid expenses and other non-interest-bearing assets**	**Other assets**
ASSETS									
10. Cash and cash equivalents	0.002	0.002							
20. Financial assets held for trading	268					268			
40. Financial assets available for sale	8,897			7,519	1,353			24	
50. Financial assets held to maturity	25,273			25,002				272	
60. Loans to banks	29,201	16,465	12,699					37	
70. Loans to customers	277,887	177,936	90,393	4,782				4,775	
80. Hedging derivatives	748					748			
100. Equity investments	28,310				28,310				
110. Property, plant and equipment	238						238		
120. Intangible assets	6						6		
130. Tax assets	944								944
150. Other assets	117								117
Total assets	**371,888**	**194,401**	**103,092**	**37,303**	**29,663**	**1,016**	**243**	**5,108**	**1,061**

Balance sheet - Liabilities and equity

LIABILITIES AND EQUITY - Reclassified schedules

Amounts in millions of euros	1st Half 2015	Funding	Liabilities held for trading and hedging derivatives	Accrued expenses, deferred income and other non-interest-bearing liabilities	Other liabilities	Provisions for contingencies, taxes and staff severance pay	Equity
LIABILITIES AND EQUITY							
10. Due to banks	13,901	13,899		2			
20. Due to customers	325,110	325,083		26			
30. Securities issued	11,375	10,910		465			
40. Financial liabilities held for trading	242		242				
60. Hedging derivatives	749		749				
70. Adjustment of financial liabilities hedged generically	45		45				
80. Tax liabilities	341					341	
100. Other liabilities	700				700		
110. Staff severance pay	1					1	
120. Provisions	10					10	
140. Valuation reserves	871						871
160. Reserves	14,185						14,185
180. Share capital	3,500						3,500
190. Treasury shares	-57						-57
200. Net income for the period	916						916
Total liabilities and equity	**371,888**	**349,893**	**1,035**	**493**	**700**	**352**	**19,415**

Income statement

INCOME STATEMENT - Reclassified schedules

Amounts in millions of euros	1st Half 2015	Net interest income	Dividends and gains (losses) on equity investments	Net commission income	Other net revenues	Gross income	Net writedowns	Overheads	Other operating income (costs)	Operating income	Net provisions	Taxes	Net income (loss)
INCOME STATEMENT													
10. Interest income and similar revenues	2,968	2,968				2,968				2,968			2,968
20. Interest expense and similar charges	-2,588	-2,588				-2,588				-2,588			-2,588
40. Commission income	26			26		26				26			26
50. Commission expense	-874			-874		-874				-874			-874
70. Dividends and similar revenues	1,158		1,158			1,158				1,158			1,158
80. Net gain (loss) on trading activities	69				69	69				69			69
90. Net gain (loss) on hedging activities	4				4	4				4			4
100. Gains (losses) on disposal or repurchase	238				238	238				238			238
130. Writedowns for impairment	6						6			6			6
150. Administrative expenses	-59							-59		-59			-59
160. Net provisions	2.2										2		2.2
170. Net adjustments of property, plant and equipment	-2							-2					-2
180. Net adjustments of intangible assets	-1							-1					-1
190. Other operating income (costs)	2							0.3	1	2			1.5
260. Income tax for the period on continuing operations	-32											-32	-32.0
Total income statement	**916**	**380**	**1,158**	**-847**	**310**	**1,001**	**6**	**-62**	**1**	**949**	**2**	**-32**	**916**

CDP GROUP STATEMENTS OF RECONCILIATION OF ACCOUNTING AND OPERATING FIGURES

In order to ensure consistency between the consolidated financial statements, prepared on an accounting basis and the aggregates presented on an operational basis, the balance sheet and income statement reconciliations are shown below.

The reclassifications mainly concerned: the allocation, to specific and distinct items, of interest-bearing amounts and non-interest-bearing amounts; the revision of portfolios for IAS/IFRS purposes with their reclassification into uniform aggregates, both in relation to products and to business lines.

Consolidated balance sheet assets

		ASSETS - Reclassified schedules								
Amounts in millions of euros	**30-06-15**	**Cash and Cash equivalents and other treasury investments**	**Loans to customers and banks**	**Debt securities**	**Equity investments and shares**	**Reinsurers' share of technical provisions**	**Assets held for trading and hedging derivatives**	**Property, plant and equipment and intangible assets**	**Accrued income, prepaid expenses and other non-interest-bearing assets**	**Other assets**
ASSETS										
10. Cash and cash equivalents	0.7	1								
20. Financial assets held for trading	1,112	642		75			395		0	
30. Financial assets at fair value	187			185					1	
40. Financial assets available for sale	7,912		1	7,188	698				24	
50. Financial assets held to maturity	26,763			26,472					291	
60. Loans to banks	31,772	19,032	12,700						40	
70. Loans to customers	281,657	177,941	93,215	5,721					4,780	0
80. Hedging derivatives	1,503						1,453		50	
100. Equity investments	19,823				19,823					
110. Reinsurers' share of technical provisions	316					316				
120. Property, plant and equipment	33,614							33,614		
130. Intangible assets	7,902							7,902		
140. Tax assets	2,351									2,351
150. Non current assets and disposal groups held for sale	24									24
160. Other assets	9,175				0				218	8,957
Total assets	**424,110**	**197,616**	**105,916**	**39,640**	**20,521**	**316**	**1,848**	**41,516**	**5,405**	**11,332**

Liabilities and equity

Amounts in millions of euros	30-06-15	LIABILITIES AND EQUITY - Reclassified schedules						
		Funding	Liabilities held for trading and hedging derivatives	Accrued expenses, deferred income and other non-interest bearing liabilities	Other liabilities	Insurance provisions	Provisions for contingencies, taxes and staff severance pay	Equity
LIABILITIES AND EQUITY								
10. Due to banks	21,576	21,571		6				
20. Due to customers	318,305	318,234		14	57			
30. Securities issued	30,269	29,696		573				
40. Financial liabilities held for trading	450		450					
60. Hedging derivatives	1,114		1,107	8				
70. Adjustment of financial liabilities hedged generically	45		45					
80. Tax liabilities	4,722				1		4,722	
90. Liabilities associated with disposal groups held for sale	7				7			
100. Other liabilities	6,884		12	382	6,489		0	
110. Staff severance pay	246						246	
120. Provisions	2,764						2,764	
130. Technical provisions	2,276					2,276		
140. Valuation reserves	1,851							1,851
165. Interim dividends								
170. Reserves	15,911							15,911
180. Share premium reserve								
190. Share capital	3,500							3,500
200. Treasury shares (-)	(57)							(57)
210. Non-controlling interests (+/-)	13,812							13,812
220. Net income (loss) for the period	434							434
Total liabilities and equity	**424,110**	**369,501**	**1,614**	**983**	**6,554**	**2,276**	**7,731**	**35,451**

Consolidated income statement

CONSOLIDATED INCOME STATEMENT - Reclassified schedules

Amounts in millions of euros	1st Half 2015	Net interest income	Dividends and gains (losses) on equity investments	Net commission income	Other net revenues	Gross income	Profit (loss) on insurance operations	Profit (loss) on banking and insurance operations	Net writedowns	Overheads - of which: administrative expenses	Other operating income (costs)	Operating income	Other items and taxes	Net income	Net income pertaining to non-controlling interests	Income pertaining to the shareholders of the parent company
INCOME STATEMENT																
10. Interest income and similar revenues	3,068	3,068				3,068		3,068				3,068		3,068		3,068
20. Interest expense and similar charges	(2,859)	(2,859)				(2,859)		(2,859)				(2,859)		(2,859)		(2,859)
40. Commission income	42			42		42		42				42		42		42
50. Commission expense	(895)			(895)		(895)		(895)				(895)		(895)		(895)
70. Dividends and similar revenues	3		3			3		3				3		3		3
80. Net gain (loss) on trading activities	288				288	288		288				288		288		288
90. Net gain (loss) on hedging activities	1				1	1		1				1		1		1
100. Gains (losses) on disposal or repurchase	377				377	377		377				377		377		377
110. Net gain (loss) on financial assets and liabilities carried at fair value	32				32	32		32				32		32		32
130. Writedowns for impairment	9								9			9		9		9
150. Net premium income	218						218	218				218		218		218
160. Other net profit (loss) on insurance operations	(34)						(34)	(34)				(34)		(34)		(34)
180. Administrative expenses	(2,975)									(2,975)		(2,975)		(2,975)		(2,975)
190. Net provisions	35												35	35		35
200. Net adjustments of property, plant and equipment	(631)												(631)	(631)		(631)
210. Net adjustments of intangible assets	(224)												(224)	(224)		(224)
220. Other operating income (costs)	5,157									0	5,157	5,157		5,157		5,157
240. Gains (losses) on equity investments	112		112			112		112				112		112		112
270. Gains (losses) on disposal of investments	1												1	1		1
290. Income tax for the period on continuing operations	(594)												(594)	(594)		(594)
310. Income (loss) after tax on disposal groups held for sale																
330. Net income (loss) for the year pertaining to non-controlling interests	(694)														(694)	(694)
Total income statement	**434**	**208**	**115**	**(853)**	**698**	**168**	**184**	**351**	**9**	**(2,975)**	**5,157**	**2,542**	**(1,414)**	**1,128**	**(694)**	**434**

REPORT OF THE INDEPENDENT AUDITORS

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

To the Shareholders of
Cassa Depositi e Prestiti SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Cassa Depositi e Prestiti SpA and its subsidiaries (the Cassa Depositi e Prestiti Group) as of 30 June 2015, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes. The directors of Cassa Depositi e Prestiti SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34, applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution no. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Cassa Depositi e Prestiti Group as of 30 June 2015 are not prepared, in all material respects, in accordance with International

Accounting Standard 34 applicable to interim financial reporting (IAS 34), as adopted by the European Union.

Rome, 4 August 2015

PricewaterhouseCoopers SpA

Signed by

Lorenzo Pini Prato
(Partner)

"This report has been translated into English from the Italian original solely for the convenience of international readers"

CERTIFICATION PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/1998

Certification of the condensed consolidated interim financial statements pursuant to Article 81ter of Consob Regulation 11971 of 14 May 1999 as amended

1. The undersigned Fabio Gallia, in his capacity as Chief Executive Officer, and Fabrizio Palermo, in his capacity as the Financial Reporting Manager of Cassa Depositi e Prestiti S.p.A., hereby certify, taking account of the provisions of Article 154-bis.3 and 4, of Legislative Decree 58 of 24 February 1998:

- the appropriateness with respect to the characteristics of the company and
- the effective adoption

of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements over the period 1 January–30 June 2015.

2. In this regard:
2.1 the assessment of the appropriateness of the administrative and accounting procedures followed in preparing the condensed consolidated interim financial statements at 30 June 2015 was based on a process developed by Cassa Depositi e Prestiti S.p.A. in line with the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is a generally accepted framework at the international level;
2.2 in the first half of 2015, the Financial Reporting Manager of Cassa Depositi e Prestiti S.p.A. assessed the adequacy and effective adoption of existing administrative and accounting procedures, with reference to the internal control system for financial reporting. Work also continued on the process to upgrade the information technology procedures of the parent company.

3. In addition, we certify that:
3.1 the condensed consolidated interim financial statements:
a) have been prepared in compliance with the international accounting standards adopted in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) correspond to the information in the books and other accounting records;
c) provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation;
3.2 the interim report on operations contains a reliable analysis of the key events occurring in the first half of the financial year and their impact on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties affecting the second half of the financial year.

Rome, 4 August 2015

Chief Executive Officer	Financial Reporting Manager
signature/Fabio Gallia	*signature/Fabrizio Palermo*